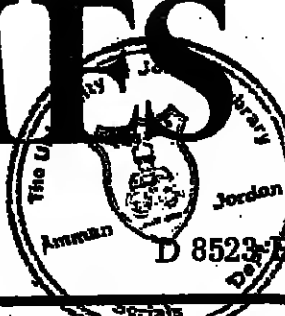


FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday August 23 1983

Brazil's debt crisis and the IMF, Page 10



Japan	111.00	Portugal	100.00
Belgium	100.00	Spain	100.00
Canada	100.00	Sweden	100.00
France	100.00	Switzerland	100.00
Germany	100.00	Taiwan	100.00
Italy	100.00	Thailand	100.00
Netherlands	100.00	USA	100.00
UK	100.00		

No. 29,101

NEWS SUMMARY

GENERAL

Manila killing deplored by West

The political opposition in the Philippines yesterday condemned what it called the suspicious circumstances surrounding the death of its leader Senator Benigno Aquino and vowed to continue his fight for human rights and justice.

President Marcos appeared on television to appeal for calm as Western countries joined in deploring the killing. Page 4

Missiles outlawed

Florence, the Belgian town tipped as a likely site for cruise missiles, has outlawed the stationing or transport of nuclear weapons on its territory.

Elephants alert

The Sri Lankan Government tightened security in the hill country town of Kandy after threats that anti-government forces might throw bombs to make dozens of elephants taking part in a pageant stampede.

Whales decision

Frionor, a major Norwegian fish marketing group which has been a target of protests by environmentalists, is to stop processing and selling whale meat in 1988.

Nuclear missile plea

Romanian President Nicolae Ceausescu has appealed to Soviet and U.S. leaders to delay deployment of new medium range nuclear missiles in Europe even if their negotiators fail to reach agreement at arms reduction talks.

Mountain survivor

Three-year-old Ariane Blum-Gayet was recovering after 48 hours huddled against the dead body of her grandfather on a mountain north of Grenoble.

Pakistan guards cash

Police surrounded jails and banks while funds were transferred to bidding places from bank branches in Pakistan's riot-torn Sind province.

Syrian hanging

Two Syrian men were hanged in a Damascus square for offences including armed robbery, torture, rape and drug trafficking.

Union appeal defeat

South Africa's highest court refused to hear the appeal of ailing 74-year-old black trade unionist Oscar Mpetha, jailed for five years in June on terrorism charges.

South African bomb

South African police said they found an unexploded Soviet-made hand grenade near the site of a weekend explosion which blacked out Pretoria suburbs, and blamed the blast on the banned African National Congress.

Women's plan

Iraq's General Federation of Women has prepared a plan to employ more than a million women in state and private industry, apparently to replace men fighting in the Gulf War.

Briefly...

Belgium has expelled at least six Soviet and Romanian diplomats in a growing economic espionage case. Cairo and Alexandria death toll after the collapse of four houses at the weekend rose to 38. Indian flood death toll in Uttar Pradesh rose to 82 with more villages threatened. Japanese drug company claimed a method of mass producing the controversial cancer drug interferon.

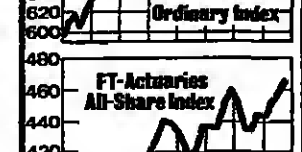
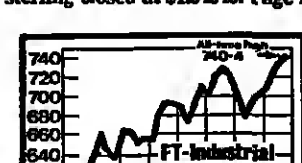
BUSINESS

Palme in bid for economic consensus

SWEDISH Prime Minister Olof Palme has invited opposition parties and both sides of industry to talks aimed at reaching consensus on economic policy. Page 2

DOLLAR fell to DM 2.6325 (DM 2.657) to FF 7.915 (FF 7.9875), to Sfr 2.14 (Sfr 2.156) and to Y242.55 (Y243.5). Its trade-weighted index was 127.5 (128.2). In New York it closed at DM 2.6187; FF 7.8787; Sfr 2.1320 and Y242.60.

STERLING rose 1.1 cents to close in London at \$1.529. It was unchanged at Sfr 2.275, improved to Y371.5 (Y370.5), but fell to DM 4.0275 (DM 4.035) and to FF 12.1 (FF 12.12). Its trade-weighted index was 85.8 (85.7). In New York sterling closed at \$1.54345. Page 29



LONDON: FT Industrial Ordinary Index rose 4.7 to a record 740.4. It gives the shorts made progress throughout the day. Report, 23; FT share information service, Pages 24-25

WALL STREET was up 8.94 at 1203.15 at the close. Page 19. Full share listings Pages 20-22

TOKYO: Share prices rose strongly, pushing the Nikkei Dow index up 66.65 points to a record 9,283.75. The Stock Exchange index rose 3.34 up at 882.45. Page 19, leading prices, other exchanges Page 22

GOLD rose \$6.75 an ounce in London to finish at \$424.625. In Zurich gold finished at \$425.5 (\$417.5). In New York the Comex August settlement was \$425.7 (\$418.2). Page 23

RUBBER prices have risen 60 per cent this year and this month reached the highest levels since 1980. Page 28

SWISS National Bank said Swiss central bank money supply has already risen one percentage point above the 3 per cent growth target for 1983.

SWISS Government overruled a decision by the Export Risk Guarantee Commission refusing coverage for Turkish hydro-electric contracts worth Sfr 1bn (\$465m). Page 6

SPAIN is owed \$7.72bn by 19 Latin American countries according to a government report disclosed by the Madrid daily paper, El Pais.

MEXICO announced its first compensation payments for 11 of the 53 banks nationalised a year ago. Page 13

JAPANESE farmers are stepping up their campaign against concessions to U.S. demands that Japan reduce import barriers to beef, oranges, and other U.S. farm products.

SONY CORPORATION has had debt issues by its U.S. subsidiary downgraded by Standard and Poor's, the U.S. rating agency. The company's bonds have been downgraded from double A to single A plus.

NEBB, the Norwegian subsidiary of Switzerland's Brown Boveri Engineering and electrical concern, reported group profits of Nkr 20m (\$2.6m) for the first half of this year. Nkr 2m more than in the same period last year.

Dollar slides and stocks gain as rate fears abate

BY JEREMY STONE IN LONDON

THE DOLLAR resumed its downward course yesterday, as the pressure for an immediate rise in U.S. interest rates abated, following Friday's \$500m drop in the U.S. M1 money supply.

Yesterday's decline was welcome news to the leading central banks, particularly in Europe, after a sharp rise in the dollar last Friday. The central banks, especially those of West Germany, Switzerland, France and Japan, have spent \$30m over the last three weeks in an attempt to turn the tide against the previously rising dollar.

Although intervention seems recently to have slackened, a lower dollar is seen as vital to a fragile industrial recovery that would otherwise be threatened by the need to raise interest rates in defence of other currencies.

The dollar fell in London yesterday to DM 2.6325, approximately its level on Thursday before a wave of nervous buying interrupted the falling trend established earlier in the week. However, trading yesterday remained thin, with dealers uncertain which way the next large movement will take them.

Nevertheless, the world's stock markets reflected renewed optimism about the interest-rate outlook, with new records established in Tokyo and London and firm early trade on Wall Street.

Tokyo saw share prices rise across the board and the Nikkei-Dow Jones average soared through 9,200 for the first time to 9,283.75, up 66.65.

Amsterdam continued its strong trend after cheering domestic company results, but most prices closed slightly lower in Frankfurt, where the lower dollar failed to spur buying.

In Sydney, prices surged higher, led by resource stocks, to take the All Ordinaries index to its highest level in two years, up 5.8 to 690.8.

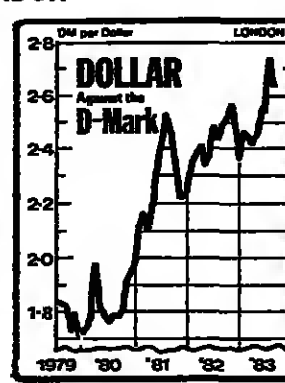
In London, the Bank of England took advantage of the generally buoyant mood to push ahead with its already heavy funding programme. Treasury stock amounting to £500m in all was taken on to the Bank's dealing book, to be traded in the market from Wednesday. The gilt-edged market, which had already slumped up more than £300m for a new issue last Wednesday, took yesterday's announcement in its stride, prices fell only 1/4 after their earlier advances.

One encouraging factor for the gilt-edged market is the recent firmness of sterling, which rose yesterday to \$1.5290, more than a cent higher than Friday's London close.

Its value against the Bank of England's trade-weighted index at 85.8 (1975 = 100) was the highest since the market's euphoric high point, reached just after the Conservative election victory early in June.

There is, however, no indication that the Government is yet contemplating a return to the gold standard.

Continued on Page 12



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Continued on Page 12

Stock markets, Page 19; Money markets, Page 29; Lex, Page 12

Europe's data lead taken by Olivetti

BY GUY DE JONQUIERES IN LONDON

A SERIES of recent takeovers has helped Olivetti of Italy to jump into top position among European-owned computer manufacturers, according to a survey by Logica, the London-based computer services house.

The survey, published in the U.S. magazine Datamation, says that Olivetti's revenues from European data processing activities rose by 30 per cent in dollar terms to \$1.3bn last year, one of the fastest growth rates in the industry. Expressed in lire, its growth rate was 55 per cent.

Olivetti has for the first time overtaken Siemens of West Germany, Cii-Honeywell Bull of France and Britain's ICL, which until now have been Europe's computer industry leaders. It has also passed Digital Equipment of the U.S., which has extensive sales in Europe.

Continued on Page 12

The Italian company's performance has been boosted by the consolidation in its accounts of three companies which it has taken over recently. They are Hermes of Switzerland, Logabax of France and Delta Terminal Systems of West Germany.

The survey notes that Olivetti has also strongly increased sales of electronic typewriters, which are counted as a data processing product. Other products included in the survey are general-purpose business computers of all sizes, terminals, peripherals, data communications equipment, word processors and software and services.

International Business Machines (IBM) of the U.S. continues to dominate the European market, however. Its European data processing sales last year were \$1.5bn.

Continued on Page 12

DnC to take over all of Nordic Bank

BY ALAN FRIEDMAN IN LONDON

DEN norske Creditbank (DnC), Norway's largest commercial bank, announced yesterday that it is paying £67m (\$102.4m) to buy out the other three shareholders of the London-based Nordic Bank, adding firm evidence that the era of consortium banking is coming to a close.

The deal will at one stroke strengthen significantly the capital base of Nordic Bank, which has London assets of £1.2bn and provide DnC with a major vehicle for international expansion. It follows last year's decision by Svenska Handelsbanken, the Swedish partner in Nordic, to establish its own London operation - Svenska International - as a branch of its Luxembourg subsidiary.

The Nordic Bank deal confirms a trend away from the 1970s notion of consortium banking. Most international banks now prefer to establish and operate their own overseas banks so as to tighten control and avoid conflicts of interest.

Earlier this year the Standard Chartered Bank paid about £43m for Midland and International Banks (MAIBL), the oldest of London's consortium banks.

The European Banking Group, owned by seven major banks including Midland and Deutsche, has been reorganising its Asian and Arab consortium banks after some partners withdrew. The Orion Bank, another London consortium bank, was sold to Royal Bank of Canada in 1981.

Under the terms of the deal DnC will pay £67m to acquire the 75 per cent of Nordic Bank owned by Copenhagen Handelsbanken of Denmark, Kansallis Oskari Paikki of Finland and Svenska Handelsbanken of Sweden.

At present Nordic owns 60 per cent of Nordfinanz-Bank of Zurich. The four consortium partners each have a direct 5 per cent stake as well and Swiss interests hold 20 per cent. After the deal Nordic Bank will realise between £35m and £40m by selling 45 per cent of Nordic Asia (Hong Kong) to DnC's three consortium partners.

Background, Page 13

Banks (MAIBL), the oldest of London's consortium banks.

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Background, Page 13

Earnings recover at Bayer

By John Davies in Frankfurt

BAYER, the West German chemical and pharmaceutical group, has boosted sales and profits in the first half of this year in the latest sign of the German chemical industry's recovery.

The other major companies, Hoechst and BASF, have also recently reported healthy increases after an industry-wide setback under the impact of recession last year.

Bayer lifted its group worldwide profits before tax to DM 800m (\$236.4m), 19 per cent more than in the first half of last year. At the same time the parent company, based at Leverkusen, showed a 20 per cent rise in pre-tax profits to DM 507m.

In the wake of structural changes the group achieved its substantial profit rise from a relatively small gain in sales revenue. Group worldwide revenue in the first half of this year was up 1.5 per cent at DM 18.5bn, while the parent company's

Continued on Page 12

Output plunges in South Africa

By J. D. F. Jones in Johannesburg

SOUTH AFRICA'S real gross domestic product fell by an annualised 6.5 per cent in the first half of this year, according to the Reserve Bank's annual economic report.

Describing the situation as "a full-scale recession," the bank says that the 6.5 per cent negative growth rate - the sharpest drop in any downsizing period since the Second World War - reflected the impact of a 24 per cent fall in real agricultural output which was the result of a severe drought.

The annual report reveals a dramatic decline in imports - a fall of 30 per cent between the first quarter of 1982 and the second quarter of 1983.

This helped contribute to a rapid improvement in the current account of the balance of payments, which grew to an annually adjusted surplus of R1.8bn (\$1.61bn) in the second quarter of 1983 from a deficit of R7.1bn in the first quarter of last year.

The Reserve Bank warns that the inflation rate is still too high and inflationary expectations are firmly entrenched. "Measured

Continued on Page 12

Sasol rights issue expected, Page 13

Tax reprieve for French business likely

BY DAVID MARSH IN PARIS

THE FRENCH Government, amid the higher taxes on wage and salary earners expected to be announced in the 1984 budget due next month, is likely to spare the corporate sector in order to help the economy pick up from recession next year.

A sweetener to companies may come in the form of the abolition of controversial plans to impose a wealth tax on factory equipment. The abolition of the tax, which has attracted fierce protests from business because of its deterrent effect on investment, has been the subject of a campaign by the Patronat employers' federation.

Finance Ministry officials cautioned, though, that details of tax measures needed to finance next year's central government budget and the separate social security systems have not yet been decided.

M. Jacques Delors, the finance Minister, is looking for overall tax increases of around FF 40bn (\$5bn) to plug gaps in spending programmes and keep the central budget deficit down to 3 per cent of gross national product.

M. Yvon Gattaz, the Patronat leader, has lobbied hard for a reduction of companies' tax burden in a series of recent meetings with ministers. He is also speaking a change in the corporate tax system to allow

profits to be offset by losses in past years.

The tax on equipment, part of the Socialist Government's higher levies on wealth and property, was to have been introduced last autumn. The measure was postponed until 1985 however, after a last-minute change of heart by the Government.

The Patronat, however, maintains that the proposed introduction is intimidating, particularly to the important small and medium business sector, and wants the tax abolished altogether.

M. Delors has already indicated he is in favour of such a gesture. M. Gattaz, who had a brief meeting with President Francois Mitterrand last week, is due to see the president again at the end of the month to press home the Patronat case.

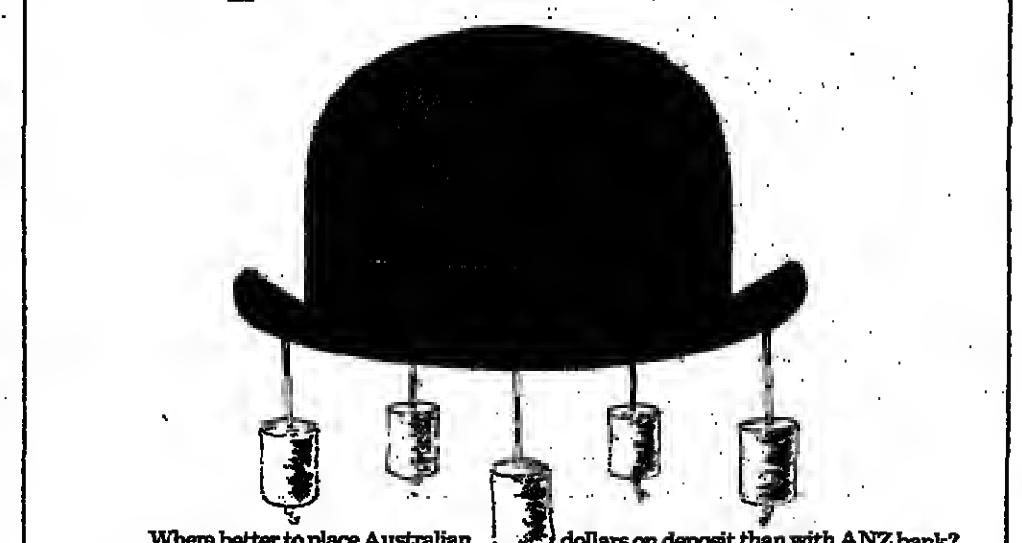
With the Government increasing its efforts to spare companies from fresh increases in their costs, the main burden of higher taxes in 1984 is certain to fall on the personal sector, especially at the higher income end.

The Finance Ministry is retreating from earlier ideas of doubling the 1 per cent extra levy on incomes, brought in to finance the social security deficit as part of the March austerity measures.

Computers for professionals

The professional personal computer, powerful enough for serious business applications yet sufficiently inexpensive for every executive to have one on his or her desk, is certain to become the single most important new business tool in the years ahead. The Financial Times today begins a fortnightly column on the Technology Page, which will include articles about the development of the professional personal computer in business and industry with news of hardware and software of interest to the businessman who needs to use computers without becoming a computer expert. The first column, on Page 18, deals with computers which can carry out several tasks simultaneously.

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Europe	23	Eurobonds	23
Companies	13	Euro-options	23
America	7	Financial futures	28
Overseas	13	Gold	29
World Trade	13	Int'l. Capital Markets	30
Britain	8	Letters	11
Companies	14, 15	Lex	12
Agriculture	28	Management	16
Arts - Reviews	9	Market Monitors	19
World Guide	9	Men and Matters	18
Commodities	29	Mining	18
Corporate comment	29	Money Markets	29
Editorial comment	10	Raw materials	28
		Stock Markets - Bourses	19, 23
		- Wall Street	19-22
		- London	19, 22-25
		Technology	18
		Unit trusts	26, 27
		Weather	12

Austria: new Chancellor has a hard act to follow . . . 3
Malaysia: treading a rough road to a new identity . . . 4
Argentina: election dilemma for the Peronists . . . 7
UK coal industry: MacGregor prepares to take over . . . 8
Editorial comment: funds for IMF; economic models . . . 10

Brazil's debt crisis: the fragile IMF lifeline . . . 10
Australia: the battling Prime Minister . . . 11
Lex: Irish oil companies; Argyll/ADP; UK gilts . . . 12
Management: when expansion is the only option . . . 16
Technology: Pilkington's fibre optic plans . . . 18

EUROPEAN NEWS

PALME SEEKS TO GIVE UNIONS GREATER STAKE IN INDUSTRY

Sweden calls talks on economy

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MR OLOF PALME, the Swedish Prime Minister, has invited leaders of the opposition parties and both sides of industry to a series of crucial talks next month in a bid to reach greater political consensus on the management of the economy.

The Social Democratic minority Government is seeking to push through controversial legislation to establish wage-earner investment funds aimed at providing the trade unions with a significant stake in the ownership of Swedish industry.

The plans, which have been under consideration and debate for several years, have aroused fierce opposition from the centre-right political parties and from the employers' organisations.

Mr Ulf Adelsohn, leader of the Conservative Party, said last night that "the Government cannot expect a consensus on economic policy when at the same time it is stubbornly pushing through the most controversial political question since the war." The invitation to talks was a "piece of theatre," he said.

It appears, however, that most political leaders and representatives of industry and the trade unions will still attend talks next month, even if the outlook of reducing the atmosphere of embittered confrontation on the question of wage-earner funds is bleak.

The Social Democrats have plans for introducing five regionally

based wage-earner funds during 1984. If they continue to meet determined opposition from the Right and Centre, they will be dependent on the Communists either abstaining or supporting the legislation in order to win a majority in the Riksdag, the Swedish parliament.

According to plans announced earlier this year, the funds would derive investment capital from two sources: a new tax on company profits - a so-called profit sharing tax - and an increase in the employers' pay roll tax.

A ceiling of SKr 400m (\$51.1m) a year would be set on the amount of capital that could flow to each fund, meaning a maximum of SKr 2bn a

year for the whole wage-earner scheme.

The total value of quoted companies in Sweden today is around SKr 200bn, which means the funds could gradually purchase a holding of as much as 7 per cent of the publicly quoted part of Swedish industry over the next seven years to the end of 1990.

Mr Palme left yesterday for a three-day visit to Greece and was due to hold talks with the Greek Prime Minister, Mr Andreas Papandreu last night. The talks are expected to centre on bilateral relations as well as reviewing proposals for the establishment of nuclear-free zones in Europe.

Walesa gagged by fear of arrest

By David Buchan, East Europe Correspondent

SEVERAL HUNDRED Polish shipyard workers gathered briefly outside the Lenin yard in Gdansk yesterday, but Mr Lech Walesa, leader of the banned Solidarity union, cancelled a speech to them because he said he feared arrest.

Government media have mounted a campaign against him, accusing him of advocating Poland's "collective suicide," while the provincial authorities have tightened security in the Baltic port. Mr Walesa said he cancelled his planned speech yesterday "because I knew that, if I didn't, I would be in jail for at least a month from today."

He said, however, that he was not trying to call-off a go-slow planned by Solidarity supporters at the Lenin yard from today until August 31, the third anniversary of the agreement establishing the once-legal independent union. This is in protest at the Government's refusal to talk to Mr Walesa about reviving independent unions.

"It's not my initiative, and I have no right to cancel it," Mr Walesa commented. The main Polish Communist Party newspaper recently accused Mr Walesa, under the headline "Yankee from Gdansk," of supporting "the American anti-Polish policy."

Italy may ease law on illegal currency exports

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government is considering substantial changes in the law governing the illegal export of capital here, as well as the possibility of extending an amnesty to as yet uncovered offenders since the legislation was introduced seven years ago.

The central issue is the so-called Law 159 of 1976, brought in as an emergency measure to stem the flight of capital from Italy at that time. That year saw three serious lira crises and was the moment at which the powerful opposition Communist Party came closest to power at a national level.

Since then, times have changed considerably. The "Italian risk" is no longer a catch phrase on international financial markets, while in the first seven months of this year the balance of payments showed a surplus of L.1,540bn (£1.3bn). Blackmarket currency rates, moreover, indicate that there is no significant clandestine export of capital from the country, to Switzerland or elsewhere.

However, the Law 159 continues in force. Unauthorised capital exports of up to L.5m (£2,085) are liable to administrative sanctions. Large exports are criminal offences, technically calling for court proceedings.

The result has been that the Guardia di Finanza financial police have been swamped by what would

seem to be relatively minor offences, which inflation has brought into the "criminal" bracket. Bureaucratic delays connected to the law have also hampered exporters.

Last year the Guardia di Finanza reported a sharp increase in such irregular exports, to L.2,085bn (£503m) from L.430bn (£179m) in 1981. The total of irregular exports identified by the authorities (including the "administrative" ones of below L.5m) rose to L.1,670bn (£696m) from L.935bn (£389m) in 1982.

An updating of the law is being studied by the Foreign Trade Ministry here. Political parties of most hues, as well as the bulk of Italy, are also in favour. The most talked of idea is for the illegal export of capital to become a penal offence only when sums of more than L.100bn are involved.

A revised draft of Law 159 is expected to come fairly soon before the new Cabinet, headed by Sig Bettino Craxi. Meanwhile, several senior ministers have spoken out in favour of coupling the change with an amnesty for past offenders.

They argue that such a move might lead to a useful flow of funds back into Italy, as capital held abroad is repatriated. Some estimates are that as much as L.3,000bn (£1,250bn) might return, with obviously beneficial implications for Italy's financial position.

U.S. 'aims N-weapons at 40,000 targets'

By Bridget Bloom, Defense Correspondent

U.S. plans for strategic nuclear war involve more than 40,000 potential targets, compared with only 20 in the late 1940s and some 25,000 less than a decade ago, according to a new study of U.S. nuclear targeting policy.

The study, by Dr Desmond Ball of the Australian National University, is one of the fullest attempts yet to detail and analyse the most secret area of U.S. nuclear policy. It notes that, following a recent review by the Reagan Administration, the U.S. target plans for strategic nuclear war are now "extremely comprehensive."

The 40,000 potential targets are divided into four principal groups: Soviet nuclear forces, Soviet general purpose military forces, political and military leadership centres, and the economic and industrial base. Each group contains a wide range of target types.

The Reagan Administration is developing a new single integrated operational plan (SIOP) variations of which base governed nuclear targeting since 1950s to provide greater planning for the possible use of nuclear weapons in a protracted conflict. Dr Ball says.

At present, SIOP provides for four options under which nuclear weapons could be used, ranging from major attack options through to regional, limited and selective attack options.

As an example of the latter, Dr Ball quotes plans for nuclear strikes against Soviet military facilities near Iran, including installations in the Soviet Union, so as to "significantly degrade Soviet capabilities to project military power in the Middle East for a period of at least 30 days."

However, Dr Ball notes that, despite the dramatic increase in the number of targets, the general categories and types of targets included in the U.S. war plans have been little changed since the 1940s.

He also notes that in spite of apparently marked changes in publicly declared nuclear policy, actual targeting policy as well as the nature of the targets themselves have changed much less. Even when U.S. doctrine was massive retaliation, U.S. targeting policy remained more flexible, allowing for limited use of nuclear weapons, Dr Ball says.

Targeting for Strategic Deterrence, by Desmond Ball, Adelphi Paper 185, International Institute of Strategic Studies, London WC2E 2J5.

Turkish trade deficit wider

ANKARA - Turkey's foreign trade deficit widened in the first half of this year because of a slowdown in exports, the Ankara Turkish economic news service reported yesterday.

The first-half deficit stood at \$1.8bn compared to \$1.7bn in the first half of last year.

Exports between January and June rose by 5.3 per cent and stood at \$2.7bn, at least 15 per cent below Government forecasts. Ankara said imports also rose by 5.8 per cent. Reuter

Bundesbank 'on right course'

BY JOHN DAVIES IN FRANKFURT

THE BUNDESBANK, the West German central bank, was right to stick to its monetary course despite recent international pressures on interest rates and currencies, Dr Gerhard Stoltenberg, the Finance Minister, said yesterday.

He said the Government and the central bank were in agreement that monetary policy must aim to ensure growth of production, without endangering monetary and currency stability.

By implication, Dr Stoltenberg

was sounding a note of caution in the current controversy about whether official German interest rates should be raised as a result of the level and trend of U.S. interest rates and the strength of the dollar.

The Bundesbank decided earlier this month against raising interest rates, although it took a moderate step towards reducing banking sector liquidity. The central bank's monetary policymaking committee is due to review the situation at a meeting next Thursday.

Dr Stoltenberg said that the de-

pendence of West German interest rates on U.S. interest rates was a matter for considerable concern. He attributed current difficulties primarily to the high U.S. budget deficit, which was keeping up U.S. interest rates and drawing money from other countries.

Dr Stoltenberg said he was optimistic about the strength of the Deutsche Mark in the medium term, because of fundamentally sound economic trends. Consumer price inflation in West Germany was down to 2.5 per cent.

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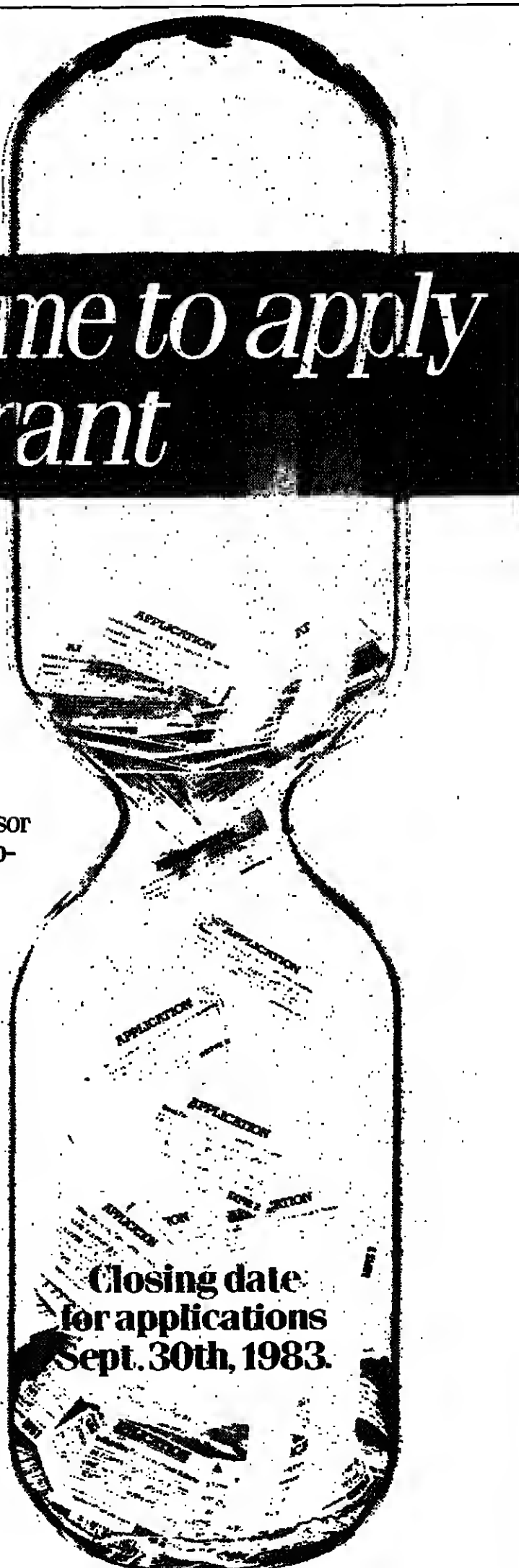
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Industrial investment in EEC likely to stagnate

BY PAUL CHEESRIGHT IN BRUSSELS

INDUSTRIAL investment in the European Community this year in real terms, is likely to stagnate, according to the European Commission following analysis of a Community wide poll of chief executives.

Although the survey, averaged out over the EEC, points to a 5 per cent increase of investment in value terms, once this has been adjusted to take into account expected price increases, the result is stagnation.

The survey, carried out in March and April, shows little change in projected plans from an earlier poll done last October and November. This suggests "rather firmly based investment planning," the Commission said.

It might also suggest a view about the prospects for international recovery rather less sanguine than that increasingly held by governments and economists. But, for shorter-

term developments, industrialists seem more confident. Apparently helped by greater willingness of customers to carry heavier stocks, industrialists polled generally thought that production prospects look better than at the beginning of the year.

There are in any case wide differences through the EEC on investment intentions. The survey suggests that the value of investment in Britain, France and West Germany will rise, by 5 per cent. Adjusted for price increases, however, this means a decline in real terms of 3 per cent in the UK and France.

The strongest investment should take place in Italy with a value increase of 25 per cent and in Denmark with 11 per cent.

The industrialists polled predict the most notable rises in investment for the mechanical engineering and food manufacturing sectors.

Plans submitted on workers' rights to boardroom seats

BY OUR BRUSSELS STAFF

DETAILED PLANS for giving employees a legal right to seats on company boards have finally been submitted to the EEC Council of Ministers by the European Commission. But speedy action by the Council to give effect to the plans looks unlikely.

The plans are contained in draft Fifth Directive on Company Law, one of a series of directives aimed at harmonising corporate practice throughout the EEC.

If given the force of law by Council agreement, the directive would oblige companies to have either a dual board system - supervisory and management - or a single board where non-executive directors would be in a majority.

The aim is to create a clear distinction between the super-

vision and management of a company.

All companies with more than 1,000 employees in the EEC would be required to have worker directors alongside representatives of shareholders. The worker directors would make up between a third and a half of supervisory board members or non-executive directors.

Although the Commission's approach has become increasingly flexible, the British Government and employer organisations are opposed to legislation, indicating a rough ride for the draft directive.

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EUROPEAN NEWS

Missiles delay backed by Brandt

By Jonathan Carr in Bonn

HERR WILLY BRANDT, the West German Social Democrat Party (SPD) leader, has thrown his support behind the Green plan to delay for six months the deployment of new U.S. nuclear missiles in Europe.

Speaking on Greek television, he stressed that the Athens initiative would give the U.S. and the Soviet Union more time to reach accord in their missile negotiations at Geneva.

He also criticised sharply Herr Hans Dietrich Genscher, the Bonn Foreign Minister, for rejecting the Greek proposal so soon after it was put last week to all European Community governments.

Herr Brandt said that as the representative of a country with a particularly vital interest in a Geneva agreement, Herr Genscher should have waited to see what his European colleagues had to say. (In the meantime, several other states, including Britain and Italy, have expressed opposition to the plan.)

Under Nato's "two-track" decision of 1978, West Germany is one of the European countries due to deploy U.S. intermediate-range missiles from the end of this year if the Geneva talks fail.

Many in the SPD make clear they would favour a delay in deployment if the superpower negotiations seemed on the point of success. Some reject deployment altogether. The SPD is to establish its final view at a special conference this autumn.

The government stresses that a Geneva result can only emerge if the West shows the Soviet Union it is determined to stick to its deployment timetable.

Herr Genscher is also thought to have acted quickly on the Greek idea to underline that West Germany is not wavering on the missile issue.

AP adds from Bucharest: President Nicolae Ceausescu has sent letters to President Ronald Reagan and President Yuri Andropov appealing for agreement at Geneva.

Mr Ceausescu has come closer than any other Soviet bloc leader to taking a non-partisan approach on the missile issue.

Moscow submits treaty on space weapons to UN

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE SOVIET UNION has submitted a draft treaty to the United Nations which would ban the testing and deployment of weapons systems in space.

The treaty, apparently an amplification of a proposal made in Moscow last week by Mr Yuri Andropov, the Soviet President, to visiting U.S. senators, has been sent to Sr Javier Perez de Cuellar, the U.N. Secretary-General.

Sr Perez de Cuellar, who yesterday began a tour of southern

Africa, has welcomed the move.

Last week, Mr Andropov proposed that the U.S. and the Soviet Union should mutually ban the use of anti-satellite weapons in space. According to the official news agency Tass, the new draft treaty goes considerably further than this.

It would forbid the testing or deployment in space of weapons systems "designed to hit targets on earth in the atmosphere or in outer space." It would also not only prevent nations from

testing and developing anti-satellite weapons but would have them agree "to eliminate such systems already in their possession."

Initial U.S. reactions to the Soviet proposals have been very cautious. While the State Department has said that Washington will "study carefully any serious Soviet proposal" to control space weapons, arms control officials remain sceptical of the latest move.

They point out that the Soviet

Union has working earth-based weapons that can be fired into orbit and then used to destroy satellites. They allege that Moscow has publicised its proposals in the knowledge that the U.S. is about to test its allegedly more effective anti-satellite rocket launched from an aircraft.

Officials detect rising Soviet concern about U.S. space activities following President Reagan's "Star Wars" speech last March on the possibility of constructing a space-based shield

against nuclear missiles. Moscow has also consistently expressed concern about the U.S. space shuttle, which it has criticised as a military space-ship with anti-satellite capabilities.

However, there is increasing feeling in the international arms control community that military competition in space not only should, but could be constrained, given political will by both superpowers.

Negotiations to control space-based weapons, already in dim-

cuties over verification, fell apart following the Soviet invasion of Afghanistan in 1979 and not have not been resumed. The 1967 treaty, signed by the two superpowers and most other countries, bans the use of nuclear weapons and others of mass destruction in outer space. The loophole is that the weapons now being developed would not cause mass destruction—and would be deployed anyway in the orbit of the earth.

Denmark's opposition draws its battle lines

By Hilary Barnes in Copenhagen

DENMARK'S OPPOSITION Social Democratic Party has launched a counter-offensive against the coalition Government's cuts in welfare spending.

With the non-Socialist coalition facing a highly uncertain future this autumn, including a serious test of its strength on September 9 in a vote to reduce local authority grants, the Social Democrats' programme has taken on the character of an election manifesto.

Its main points include: a restoration of the welfare cuts made by the Government; reduction in the working week from 40 to 35 hours over the next five years; and an increase in corporate income tax from 40 to 50 per cent.

The party adds, however, that public expenditure will be kept under tight control and the private sector must be enabled to grow faster than the public sector.

The aim is to reduce unemployment by 200,000 from its present level of about 280,000 (10 per cent) by 1990, and to halve the budget and current account deficits by the end of the decade.

The reduction in the working week—to be paid for by increases in productivity and not through direct wage compensation—is seen as necessary for reducing unemployment.

The Social Democrats say they will reintroduce automatic price indexation of social welfare and unemployment benefits, one of the main means for reducing welfare spending introduced by the present Government. They will also restore sickness compensation for the first day off-work, reversing another government measure.

The programme also reflects plans, announced by the Government last week, to make the better-off fifth of the population pay for many medical services.

The Social Democrats say the increase in corporation tax would only be temporary and designed to penalise companies which do not invest enough of their profits.

Hard act to follow for Austria's new Chancellor

QUESTION: Would you describe yourself as a socialist, a social democrat or as a pragmatist, and where does the balance lie?

SINOWATZ: I think of myself as an Austrian social democrat. It is part of an honourable tradition in Austrian social democracy to master theory and practice in real life.

Q. In practical terms, does that mean politics as the art of the possible?

S. Under all circumstances and in every way—and surely also the courage needed to settle for solutions that are less than perfect.

Q. The smooth relationship between Austrian trade unions and employers is viewed abroad with admiration and envy. Will that social partnership function equally well in the present, harder times, or will it undergo changes?

S. Social partnership is not a governmental institution. It expresses a very freely reached understanding between the social partners... in my opinion it represents a great achievement, not least because it has exerted a moderating influence upon the political process. It is significant not only in economic policy but also for the stability of Austrian democracy.

Q—How do you see Austria's position in the world? How do you interpret its "active neutrality"?

S—For a start, I should like to say that there is a tendency in the world to overlook the important fact that the permanent neutrality which we have given ourselves has, in a relatively short time, taken root

WHO IS THIS Dr Fred Sinowatz who has taken over as head of the Austrian Government since the electoral defeat of his flamboyant fellow-Socialist Dr Bruno Kreisky? Dr Sinowatz was born into a working class family in 1929. Later, his parents started a small coat merchant's business, an experience which may help him to bridge potential class gulfs within his party's coalition with the liberal Freedom Party.

Dr Sinowatz's most immediate worry is the state of the economy. Austria's structural budget deficit is likely to reach Sch 95bn (€2.4bn) this year, more than Sch 20bn higher than planned. The deficit could endanger Austria's exchange rate policy, which has helped to contain inflation.

The new Chancellor used to say he had no wish for the job. He changed his mind and has acted with great shrewdness. In a lifetime of Socialist politics he has acquired the reputation of a moderate and conciliator. As this interview with W. L. LUETKENS shows, he can see both sides of the question. Time will tell whether he can also act decisively.

firmly in the thinking of our people. Our loyalty belongs to pluralist democracy in every respect, but we also have known how to establish normal relations with our neighbours in the East.

I believe that we have made a contribution to détente. We want to continue our policy of supporting détente whenever possible and of working for a solution of problems by negotiation.

Q—Does that mean that your Government will try, as has been done in the past, to identify means by which détente can be achieved between East and West, or in the Middle East?

S—I believe that Austrian foreign policy has been supported by all the political parties if you overlook differences caused by the political emotions of the day... We wish to continue in the

same way, though I do not want you to forget that much that was identified with the personality of Chancellor Kreisky—his profound involvement with foreign policy—cannot continue as though nothing had changed.

Q. Do you uphold the target set under your predecessor of bringing the budget deficit down to 2.5 per cent of GNP?

S. In the past we already have been above that level. Then we came down. Now, once again, we have high deficits and should bring them into a better relationship to GNP. We must tackle that problem with the utmost energy. It will be very hard. We shall have to reconcile budgetary needs with the tasks of conjunctural policy.

Q. And the target of 2.5 per cent?

S... cannot be achieved from one day to the next. It is a question for the medium term.



vided do really lead to a structural improvement. I know that will be very difficult. I believe that simply closing down works is not the answer, but that we shall also have to realise that carrying on as before will not do either. We must stick to that objective. But the long term survival of these enterprises.

Q. In emergency, are you prepared to consider closures?

S. That is the last resort. Q. You have just said that during the hard times your parents opened a coal merchant's business. May one conclude that you have special sympathies for small business?

S. My parents always worked. There is nothing tougher than selling coal. Think of the physical labour and the dirt. I remember my parents always working until they retired. I do know that the popular opinion of business and of small business needs correcting. As a rule such people work infinitely hard and invest an infinite amount of their personal strength.

Q. Do you believe that in our times greater stress ought to be placed on the need for greater personal responsibility?

S. I believe that the policies we have pursued have helped to create more equality. People have more equal opportunities to shape their own lives. We must stick to that objective. But that does not exclude the need constantly to reflect whether measures devised decades ago are still fully justified in a changed society.

I believe that even in a welfare state we must think over what should be left to the public sector, what to the market, and what is a job for the private sector.

Q. Your programme calls for modernising the production of basic materials in state-owned enterprises and for enlarging their output of finished goods. Will the enterprises be given targets that they must reach, and will drastic action be taken if they fail to do so?

S. I believe that targets really ought to be set and that we must try to ensure that the funds that will have to be pro-

applies also to state-owned enterprises.

Q. Would you consider it proper again to create something similar to the new General Motors branch plant at Aspern near Vienna?

S. We can already see that General Motors has contributed substantially towards preventing a falling off of industrial output that would otherwise have occurred. I do have a feeling that... we have fared well with this venture.

Q. Your programme calls for modernising the production of basic materials in state-owned enterprises and for enlarging their output of finished goods. Will the enterprises be given targets that they must reach, and will drastic action be taken if they fail to do so?

S. I believe that targets really ought to be set and that we must try to ensure that the funds that will have to be pro-



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U.S. 'aim' N-weapon at 40,000 targets

By Bridget Bloom, Defence Correspondent

U.S. plans for strategic war involve more than 20,000 nuclear weapons, with only 20 in the air and some 25,000 in the ground. A study of U.S. nuclear policy.

The study, by Dr. Ball of the Australian University, is one of the latest in a series of U.S. nuclear policy studies. It follows a report by the Reagan administration last year that the U.S. target list for strategic nuclear war is "extremely comprehensive".

The 40,000 potential targets are divided into four groups: Soviet nuclear forces, political and economic centres, and military and industrial targets. Each group contains a range of target types.

The Reagan administration is developing a new integrated operational plan (SIOP) variations of which since 1950s have been used to plan for the possibility of nuclear war. At present, SIOP has four options.

As an example of the nuclear strikes against military facilities, including nuclear power plants, SIOP includes the option of striking the power in the Middle East.

However, Dr Ball says despite the dramatic increase in the number of general categories of targets included in the plans, they have been limited since the 1950s.

He also notes that the policy actually being followed is not as well as the current doctrine was.

reiteration, U.S. strategy remained more flexible for limited nuclear war.

Dr Ball says: "The Reagan administration's policy is to maintain a flexible nuclear strategy for limited nuclear war."

Torreying for Strategic Policy by Dr. Ball, Plessey 145. International title of Strategic Studies 145. 145. 145.

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OVERSEAS NEWS

Philippines opposition vows to carry on Aquino's struggle

BY CHRIS SHERWELL AND EMILIA TAGAZA IN MANILA

THE POLITICAL opposition in the Philippines yesterday condemned what it called the "suspect circumstances" surrounding the murder of Senator Benigno Aquino and vowed to continue his fight for human rights and justice to the country. The criticism came in a statement from the United Nationalist Democratic Organisation (UNIDO), which embraces 12 Opposition groups and which hoped to benefit from Senator Aquino's leadership in its political struggle against the Government of President Ferdinand Marcos.

Unusually long and widespread power cuts in Manila yesterday, together with security checks in public buildings, reinforced the atmosphere of nervousness in the capital, following the assassination of the Senator as he returned to his homeland from self-imposed exile in the U.S.

President Marcos strongly appealed for calm when he appeared on television last night and condemned the "outrages attempting to cause panic and chaos by spreading rumours".

With his wife Imelda at his side and all senior Ministers nearby, he said that yesterday's power cuts may well have been caused by sabotage. He also speculated openly that Senator

Aquino was murdered by associates of people who had died since testifying against the Senator.

No matter what the government said, he contended, there would always be a shadow over the Government as a result of the affair. "We should never have allowed Aquino to leave the Philippines," he declared.

Long queues of mourning Filipinos waited hours outside Mr Aquino's house in nearby Quezon City yesterday to see his body lying in state under candlelight. The Senator's face, expressionless in death, bore marks of dried blood on his chin where the single shot which killed him left his head.

The opposition now faces a difficult task welding together its disparate opponents. Senator Aquino had offered them the hope of unity, although it was unclear whether he would succeed in time for next year's planned Assembly election.

Mr Salvador Laurel, president of UNIDO, demanded yesterday that President Marcos take full responsibility for the Government's failure to protect Mr Aquino's life. The President would "have to answer a lot of questions" from the Filipino people, he added.

Mr Laurel cited a catalogue of "mysterious circumstances" surrounding the assassination.

Mauritius government re-elected

THE THREE-party alliance headed by Mr Anerood Jugnauth, Prime Minister of Mauritius, has won a comfortable victory in its country's general elections, our Foreign Staff reports.

The alliance, consisting of the Mauritian Socialist Movement (MSM) led by the Prime Minister, the Labour Party headed by Sir Seewoosagur Ramgoolam, and the Mauritian Social Democratic Party (PMSD) of the former Foreign Minister, Mr Gaetan Duval has won 41 of the 62 seats.

The election outcome is likely to produce a conservative administration whose major challenge will be the need to fulfil stringent terms attached to loans from the International Monetary Fund (IMF) and the World Bank.

Ojukwu 'defeated'
THE FORMER Biafran leader, Mr Chukwuemeka Ojukwu, was reported yesterday to have been narrowly defeated in his bid to win a Nigerian senate seat as a candidate for the National Party of Nigeria (NPN), our Foreign Staff writes.

The News Agency of Nigeria reported yesterday that Mr Ojukwu lost by a narrow margin to his rival, Mr Edwin Awolowo of the Nigerian People's Party (NPP).

Latest results in the senatorial voting show NPN and the Unity Party of Nigeria (UPN) of Chief Obafemi Awolowo each with 14 seats out of the 35 so far declared in the 96 member senate.

Pakistan warning
Pakistan's military Government has warned protesters they face the full force of martial law if they continue demonstrations against President Mohammed Zia-ul-Haq in which 14 people have died, Reuter reports from Islamabad.

A Government spokesman said 715 people had been detained since a civil disobedience campaign began on August 14.

Beirut shelling
Heavy shelling broke out between rival Christian and Druze factions in the mountains east of Beirut early yesterday, and shells and rockets crashed into the city's outskirts, Reuter reports from Beirut.

Security officials said first reports indicated five people died, at least 10 were injured, and dozens of houses were damaged.

Malaysia treads rough road to new identity

BY CHRISTOPHER SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

HALF AN HOUR'S drive south west of Kuala Lumpur, near a busy light industrial area, a brewery and a race track, scores of excavators, graders and trucks are working round the clock to clear and level a 2,000-acre area of plantation formerly clogged with palm oil trees.

This is the site for the country's first "made in Malaysia" car, a project close to the heart of Dr Mahathir Mohamad, the Prime Minister. His attempt to introduce heavy industry are part of an effort to diversify and expand the country's economic base.

Critics point to the car project to illustrate their worries about the basis of the strategy. The turnkey contract signed in May between the Heavy Industries Corporation of Malaysia (Hicom), established just three years ago, and Japan's Mitsubishi group foreshadows a plant producing 50,000 vehicles a year in 1985, rising to 120,000 by 1988.

With the existing domestic market at 100,000 vehicles a year supplied from several local assembly plants handling CKD kits, the Malaysian car is likely to need high exports—or, more likely, high tariff protection—to be produced economically.

Even then, some local assemblers can be expected to close or be absorbed by others.

Other heavy industrial projects, either under way or

planned, display some of the same disadvantages. They include a truck plant, a cement plant, a sponge iron plant, a cold steel rolling mill and a pulp and paper mill. Also mooted are a North-South highway and a "bullet train." An oil refinery planned for Malacca has been deferred, as has a military air base in Kelantan province. These alone would have cost a total of \$3.5bn (\$2.5bn).

The past 18 months have been a sobering experience, both for those who support Dr Mahathir's efforts and those who find them flawed.

Prices on all five of Malaysia's main export commodities—tin, rubber, timber, palm oil and pepper—plunged, only to be joined by the oil price. Then the recession in the industrialised countries began to deep and long-lasting that Malaysia's attempt to beat it through a counter-cyclical spending policy had to be abandoned.

The finances of a country which seemed blessed—even in 1980 and 1981, not only because of its high export earnings but also because a return to high U.S. interest rates would abort world economic recovery.

It is this scenario which makes Dr Mahathir's heavy industry strategy sensitive. In such circumstances, too many unforeseen problems with too many capital-intensive industrial development projects needing exports in areas of great com-

MALAYSIAN ECONOMY				
	1980	1981	1982	1983
(RMm)				
Merchandise trade balance	4,776	-29	-1,432	-1,990
Current account balance	-523	-5,477	-7,425	-6,670
Overall balance of payments	1,002	-1,493	-614	-725
External borrowing	310	2,909	4,050	
Outstanding debt	4,860	7,769	11,813	
Public sector budget deficit	-8,549	-14,561	-15,213	-14,841
External debt servicing ratio (per cent)	1.8	2.7	4.9	7.8

*Estimate

Sources: Ministry of Finance Economic Report 1982; Bank of Negara Annual Report 1982.

in its post-independence history, and its first overall balance of payments deficit.

More than a year later, Malaysia is not yet out of the woods. Government Ministers and senior civil servants are in the midst of a fresh round of public expenditure cuts to trim increased domestic and foreign borrowing before the 1984 budget, due to be announced in October.

To Western bankers coping with problem debtors in Latin America, Eastern Europe or Africa, much of this seems unnecessary. Not only does Malaysia remain hugely attractive to private sector foreign investors. Its external debt servicing ratio is expected to be between 7 and 8 per cent this year, low by the standards of the worst Third World borrowers. The country's fundamental strength, investors

say, makes it one of the most promising customers around, a point borne out by the response to Malaysia's recent \$850m floating rate note.

But as one senior Malaysian banker in Kuala Lumpur insists: "I tell my foreign banker friends: 'Don't make us another Mexico. We don't want to be pushed to the brink by debt service payments.'" A Government official says that a borrowing crunch could come in 1986 and 1987, not only because this is when much debt matures, but also because a return to high U.S. interest rates would abort world economic recovery.

It is this scenario which makes Dr Mahathir's heavy industry strategy sensitive. In such circumstances, too many unforeseen problems with too many capital-intensive industrial development projects needing exports in areas of great com-

petition to survive could upset the Government's finances unless prudent decisions are taken now.

This is not to say that the heavy industry idea lacks sympathetic support, even if greater attention could still be given to resource-based industry (the best suggestion being furniture manufacture which would exploit timber resources).

The chief executive of one Malaysian multinational, for example, says the country has gone as far down the toothpaste-to-television manufacturing road as it can go, and that it needs to look elsewhere for the future.

This is Dr Mahathir's view. He believes the country must embark on a "second phase" of industrialisation to survive, and that the best time to start is now.

This has resulted in a series of policies—"look east" to encourage emulations of the Japanese, and South Korean work ethic, "Malaysia Inc" to stimulate co-operation between the public and private sectors, and "privatisation" to moderate an ever-increasing Government role in the economy.

The misfortune for Dr Mahathir and his colleagues is that the strategy has been conceived in the extraordinarily good years of the 1970s, stands to run foul of the setbacks of the early 1980s.

Aridor loses battle in Israeli Cabinet over cuts

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S Finance Minister, Mr Yoram Aridor, has lost a long battle with Cabinet critics over public spending cuts, setting off speculation that he may be forced from office.

After days of debate, the Cabinet has agreed on cuts of Sh 40bn (\$480m)—far less than the Sh 55bn target set by Mr Aridor—and has vetoed many of his austerity proposals.

Worse still for the Treasury, the Cabinet still has to decide exactly where a quarter of the cuts should come from, and more inter-ministerial bickering seems to lie ahead.

Mr Aridor took office in 1981, pledging to slash Israel's three-figure inflation rate. With in-

flation now running at 125 per cent a year, the Minister has had to abandon his controversial policy of holding down the Israeli shekel's devaluation against other currencies.

The Cabinet held a record 9½-hour session on Sunday, which ended with Mr Aridor voting in isolation against his colleagues. The Government also rejected his proposals to tax bank account transactions, but raised purchase tax on numerous luxury items, from cars to cosmetics, by a further 10 per cent.

Details of the cuts have not been announced, but some education, hospital and housing projects are to be axed.

Israel seeks to restore links with black African countries

BY OUR TEL AVIV CORRESPONDENT

ISRAEL yesterday laid on a red carpet welcome for Liberia's president, General Samuel Doe, and tried to tempt other black African states to restore relations by offering help against Libyan intervention.

Gen Doe is the first black African leader to pay a state visit since 28 African countries severed diplomatic ties at the time of the 1973 Middle East war.

Liberia restored relations this month. Officials say fears of Libyan meddling, exacerbated by the Chad civil war, have prompted several other countries to consider resuming diplomatic ties.

The general, who was a sergeant

when he took power in a coup three years ago, flew from West Africa in an Israeli aircraft. President Chaim Herzog and almost the entire Government lined up to greet him at Ben Gurion airport.

According to Israeli officials, Liberia has already asked for Israeli intelligence about Libya. President Herzog's welcoming speech made clear that black African nations could expect assistance.

"Much of the experience which we as a small country dedicated to achieving and defending its independence have gained, will be placed at the disposal of your country," he said.

Despite the boycott of the past

decade, Israel has kept a considerable presence in black Africa. Israeli exports are put officially at about \$100m but the real figure, inflated by undisclosed arms sales, is believed to be far higher.

Israel has maintained special interest sections in six countries, including Kenya and the Ivory Coast. There are now about 4,000 Israelis in black Africa, some 2,000 of them in Nigeria. Last year the Israeli army resumed military assistance to Zaire.

Officials acknowledge, however, it is the anti-Libyan card which has given Israel its best chance yet of bringing back its old position on the continent.

Third World progress hampered by 'dogma'

BY DAVID TONGE IN LONDON

EFFORTS to develop Third World countries have been hampered by the policies favoured by development economists, according to a book published in London yesterday by the Institute of Economic Affairs, the free market study centre.

Mr Deepak Lal, reader in political economy at University College, London, and currently an economic adviser to the World Bank, strongly criticises the "dogmatic" policies which have dominated policy towards developing countries. He says this dogma has encouraged countries to turn inwards and foster a "hot-house, import substituting industrialisation" behind high protective walls when the real gains have been had by countries such as

South Korea which have lowered tariffs.

Mr Lal's thesis is that "efficient growth which raises the demand for unskilled labour by getting the prices right is probably the single most important means of alleviating poverty." This same point is made cogently in the World Bank's latest World Development Report, which shows that countries such as Nigeria and Ghana which distorted the prices of foreign exchange, capital, goods and labour grew an average of 4 per cent less per year.

The Poverty of "Development Economics," by Deepak Lal, n Hobart Paperback, published by the Institute of Economic Affairs, £3.

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But not any longer. Hitachi have created a major breakthrough in home video entertainment — the VT-7E. It's a combination home and portable VTR that's actually two distinct parts.

Half is a compact, lightweight portable video recorder. When used with a video camera such as the Hitachi VK-C2000E, it makes video recording more convenient than ever before.

The other half is a tuner/timer. Both halves lock together easily, without cables, to create a single handsomely designed VTR that is about the same size as most strictly table models.

Plus all of the advantages of having four heads.

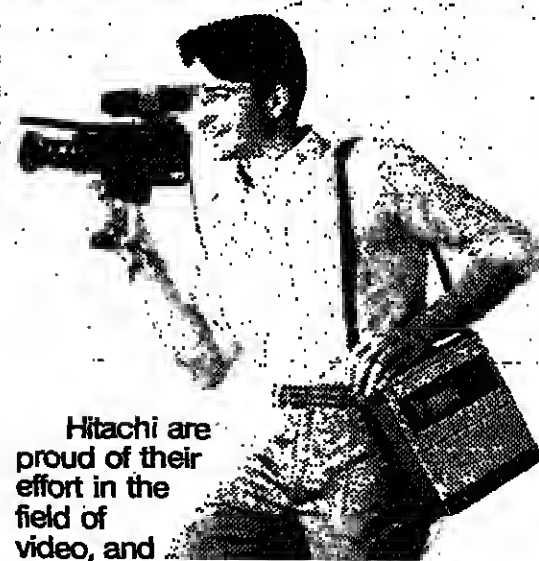
The VT-7E's remarkable flexibility comes without sacrificing one ounce of quality. Its 4-head system delivers amazingly crisp and clear reproduction, even during special effects. In fact, even if you couldn't take the VT-7E apart, it would still be a top-of-the-line VTR.



Years in the making. Cast of thousands.

The technology and innovation that make products such as the VT-7E and VK-C2000E possible are provided by Hitachi's untiring commitment to R&D.

Hitachi's many years of effort in the field have created breakthroughs such as the solid state MOS sensor, which replaces the vacuum pick-up tube, allowing a remarkable reduction in camera size and weight. Or the incredible portability of the VT-7E — a mere 78% of the size and 72% of the weight of Hitachi's original VTR.



Hitachi are proud of their effort in the field of video, and the countless hours of enjoyment it has brought to people around the world. It is but a part of the total Hitachi commitment to improving people's lives through innovative technology.

Hitachi offer a wide-ranging product mix — from power generation and transmission equipment, to rolling stock, home appliances, computers, communications equipment, and electronics products.

Taken as a whole, Hitachi's more than 20,000 products constitute a total technological system which meets a wide variety of human and social needs.

Hitachi video. Just one more way Hitachi are improving your world.

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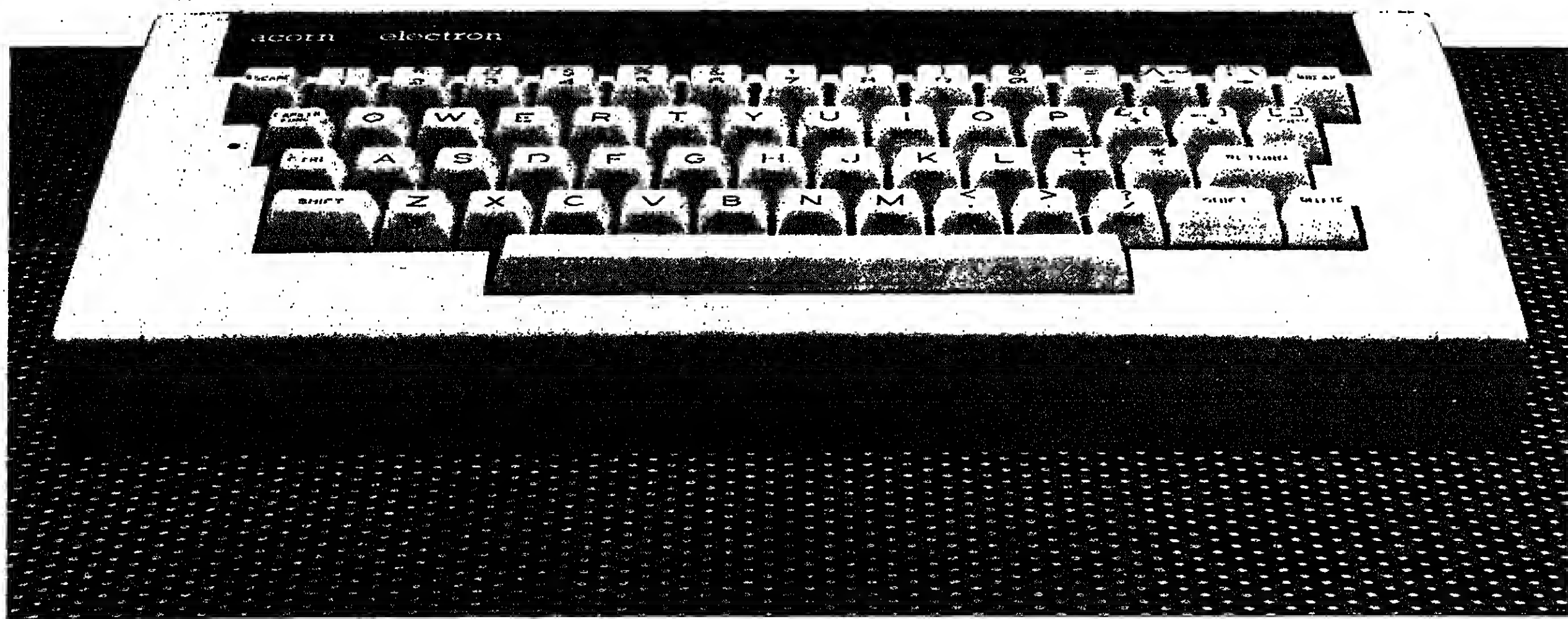
Inquiries to: HITACHI SALES (U.K.) LTD.
Hitachi House, Station Road, Hayes, Middlesex UB3 4DR Tel: (01) 848-8787

What Micro?

The Electron is bound to be compared to the BBC Micro. However it would be better compared to other micros in its price range, the likes of the Spectrum, Oric and Vic 20. There is however no real comparison as the Electron wins on all counts—it has better graphics, a better keyboard, faster and more versatile Basic. We rate the Electron higher than any of its competition. Acorn had better be ready for a rush, there's going to be one.

What Micro? Sept. '83

This micro.



Actual size.

Today, Acorn Computers unveil their new home microcomputer, called the Electron.

And, as you can see, it has already met with critical acclaim in its first independent review from one of Britain's leading computer publications.

This comes as no surprise as Acorn also produce the only other Micro that uses BBC Basic. (This machine is already being selected by over 80% of U.K. Schools under the current Department of Industry scheme.)

You can judge for yourself just how good the £199 Electron is by visiting the Acorn User Show at the Cunard Hotel, Hammersmith, London from August 25th-28th.

We've every confidence that you and "What Micro?" will be in complete agreement.

Acorn Computers Limited, Fulbourn Road, Cherry Hinton, Cambridge CB1 4JN.

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COMPUTER**

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This is not to say
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WORLD TRADE NEWS

Swiss Government overrules Turkey credit risk decision

By John Wicks in Zurich

THE SWISS Government has overruled a decision by the country's Export Risk Guarantee Commission which refused cover for a major hydroelectric contract in Turkey.

A guarantee is essential if the order, which concerns the giant Ataturk complex on the Euphrates River, is to go through.

Contracts worth some \$500m of the total project cost of about \$1.5bn are foreseen for the delivery of eight turbines and generators by Brown Boveri and Escher Wyss, with project management the responsibility of the civil engineering division of Elektrowatt.

In spring of last year Brown Boveri and Escher Wyss—a part of the Sulzer Brothers group—applied for Export Risk Guarantee cover. This was refused by the commission. Last winter, Dr Fritz Honninger, the then Minister for Economic Affairs, told Parliament that the system already had guarantees worth \$500m outstanding in respect of the two companies' deliveries to the Karakaya power-station project in Turkey. He doubted that Turkey would be able to repay principal and interest on the Ataturk contracts. Over a 20-year period, these were believed to amount to \$1.7bn.

This year, Brown Boveri and

Escher Wyss renewed the application, but asked for coverage of only \$500m of the sum, the remainder to be made up by \$500m from the German Hermes export insurance programme and \$500m from other sources. This request, too, was turned down by the Commission.

Meanwhile, the Federal Council—Switzerland's seven-man Cabinet—has decided to grant the guarantee, one of the biggest ever applied for.

This follows approaches from representatives of industry and trade unions to Dr Kurt Furgler, Dr Honninger's successor. The Government has obviously based its decision on the severe problems faced by heavy engineering in Switzerland.

An informal approval is understood to have been given to its foreseen stake by Hermes in West Germany. Part of the plan is to be made by an Escher Wyss factory in Ravensburg.

Should a comprehensive financial package be obtained, it seems possible that the order could finally be placed early next year.

Although this would be greeted by the hard-hit engineering companies and the trade unions, there is already criticism of the unusual step taken by the Federal Council to overrule the Commission.

Egyptians to consider new sewer system bid

By Charles Richards in Cairo

THE EGYPTIAN authorities are meeting today to discuss an application from GEC to revise its bid for a \$12m contract in the Cairo wastewater project.

Five companies tendered for Contract Number Two, the mechanical and engineering part of the Al Ameriyya pumping station. When bids were first opened on January 31, the lowest bidder was Mather and Platt.

The other four companies—Hawker Siddeley Power Engineering, NEL, Capper Neill and GEC—asked to revise their bids. The British and U.S. consultants on the project advised the Egyptians against accepting revised bids as this defeated the purpose and principle of tendering. The advice was rejected.

Of the revised bids the NEL was lowest bidder. If the Higher Policies Committee of the Ministry of Housing and Reconstruction accepts GEC's letter, then its revised bid of \$200,000 less will make it in turn lowest bidder.

The leapfrogging effect of the several auction sessions has lowered the price for the Egyptian effort, but has delayed implementation of the project.

The Al Ameriyya contract is the first to be let on the estimated \$750-\$800m project to rehabilitate the sewers of Cairo on the east bank of the Nile.

It is being paid for in part by a \$50m grant from Britain's Overseas Development Authority (ODA) and a \$100m commercial loan backed by the Export Credits Guarantee Department and arranged by Samuel Montagu and Midland Bank International.

Two other tenders have also been opened. On August 14, Contract Number One for the main civil works at El Ameriyya was opened. Christini and Nelson were lowest of seven bidders with £44m. On August 15, bids for Contract Number Three, for a section of the main collector tunnel, were opened. Lowest of four bidders were Lilley at £610m.

Jason Crisp previews Telecom 83, the world telecommunications jamboree, in Geneva

Telephone system supply battle heats up

THE BATTLE to supply the world with new telephone systems is warming up. In a few weeks, practically every telecommunications manufacturer will be in Geneva for what promises to be one of the most lavish business jamborees of all time.

Companies and nations will be jostling to show their wares for a market worth about \$50bn (£33.5bn) a year and growing. Telecom 83, an exhibition held every four years, is particularly important this year because the age of modern digital communications has arrived.

At least 20 companies from North America, Western Europe and Japan are now vying to sell digital telephone exchanges to the world's telecommunications authorities, known in the trade as PTT. The battle is getting tougher as more and more countries are signing up with manufacturers for their particular system. Once a system is established in a country the company which supplies it is in a much stronger position to win further orders in that country for many years.

The digital exchanges are attractive to the PTTs because they are cheaper, smaller and easy to maintain. They also can

handle the growing traffic of data communications with ease.

In spite of the number of companies offering digital systems there are still few true all-digital exchanges in operation, and few companies could deliver a range of digital exchanges now.

The cost of developing these exchanges—which are complicated computers needing enormous amounts of labour-intensive software to make them work—is astronomical. ITT of the U.S. spent \$1bn developing its System 12; Britain has, so far, spent over \$300m on System X and Canada's Northern Telecom spent \$700m on its DMS exchange. Philips, the Dutch electrical giant, has recently abandoned attempts to develop its own system, after spending several hundred million dollars, and has joined American Telephone and Telegraph's system in international markets.

The cost of developing this latest generation of exchanges has become prohibitive to all but the largest companies. That was illustrated last week when it was disclosed that the Swiss PTT has abandoned plans to develop its own digital system, called IFS. The Swiss had spent at least \$200m (£61m) developing the IFS with its

three main suppliers Hasler, Siemens and STT, the Swiss subsidiary of ITT.

The Swiss PTT acknowledged earlier this year that its system would not be ready in time and that it would be better and cheaper to buy a proprietary system. Leading contenders are Siemens with EWSD and ITT with System 12.

Traditionally only a small percentage of the world market for telecommunications has been open for competition with indigenous manufacturers. But the breaking up of AT&T in the U.S., the gradual liberalisation of telecommunications monopolies in some countries and the problems of developing advanced systems in small countries like Switzerland mean more markets are slowly becoming more accessible.

The leading suppliers of digital exchanges are AT&T's subsidiary, Western Electric, and Northern Telecom in North America, L.M. Ericsson of Sweden, CIT-Alcatel of France, NEC of Japan, the U.S. conglomerate ITT, and Siemens, all of which have significant orders, although Western Electric has not sold its SESS exchange outside the U.S.

Other suppliers include British Plessey and GEC with System X which is still in search

of a significant order overseas. Thomson-CSF of France, Fujitsu and Hitachi from Japan, Hasler from Switzerland, Nokia from Finland and GTE of the U.S.

Selling communications equipment in international markets has less to do with its merits and increasingly revolves around local manufacture, technology transfer and in many cases soft loans and generous aid packages. The French, in particular, have demonstrated how top level government support can clinch telecommunications contracts.

There have been a number of key events and contracts this year which may be a good guide as to which companies are likely to succeed in this market.

China. L.M. Ericsson wins \$11m contract from Canton province. Competition included a joint bid by GEC/Plessey with System X. ITT's Belgian subsidiary Bell Telephone Manufacturing wins \$200m contract to supply 100,000 lines of System 12 and established joint venture to make factory capable of producing 300,000 lines a year.

India. CIT-Alcatel wins \$150m contract to supply second factory making its exchanges against competition from System X and Siemens. Last

year CIT-Alcatel won an order to supply Indian with 500,000 lines and factory.

Philips/AT&T. Two of the world's leading electronics companies set up joint venture to sell public telecommunications systems outside the U.S. AT&T's digital exchange SESS will be adapted for world markets by Philips. AT&T has had little success or interest in international markets with sales only in South Korea, Taiwan and Saudi Arabia. Philips main international success is the giant contract it shares with L.M. Ericsson in Saudi Arabia.

Norway. ITT's Norwegian subsidiary wins order for 530,000 lines of System 12.

West Germany. Bundespost gives technical approval to Siemens and ITT's respective digital systems. First time non-Siemens designed system accepted.

UK. Fierce competition to supply Hull, Britain's only independent regional telephone authority. Seen as important foothold in world's fourth largest market. Similarly nearly 20 companies are pitching to supply Mercury, the new independent national business network with switching equipment. L.M. Ericsson is set to win deal to supply Racal-Millicom with switching for cellular radio.

Singapore seeks opening date for chemical project

SINGAPORE—Singapore has told Japan to give a firm operational date for a U.S.\$1bn petrochemical complex here, Government officials said.

The complex, which has an annual production capacity of 500,000 tonnes of naphtha and liquefied petroleum gas (LPG), is a 50/50 joint venture between the Singapore Government and Japanese concerns.

The officials said the latest wrangle preventing the operation of the now completed plant is Singapore's proposal that the partners convert into capital loans amounting to \$840m (U.S.\$187m) to help reduce debt charges.

Of the Japanese investments, the Japanese Government has provided 30 per cent through its Overseas Economic Co-operation fund, and Sumitomo Chemical 13 per cent. Some 30 other private Japanese companies are also involved.

Mr Lee Kuan Yew, Singapore's Prime Minister, and Mr Supplian Dhanabalan, the Foreign Minister, have met Japanese officials in the past fortnight, and Japan is expected to respond to Singapore's request for additional capital before the end of the month, the officials said. Reuters

Revised Taiwan copyright law sent for approval

By Bob King in Taipei

THE TAIWAN Cabinet has sent a long-awaited revision of the copyright law to the legislature for formal approval.

In addition to substantially increasing penalties for piracy of copyrighted works, the revision also expands the scope of coverage to include graphic and industrial designs.

This means that foreign manufacturers, for the first time will be able to protect their designs on items ranging from footwear and garments to machinery and electronics products.

A tough revision of the Trademark Law, enacted earlier this year, appears to have seriously slowed traffic in pirated goods, but piracy of books, records, art works, and designs has continued unabated. The proposed revision does not address the question of

pirated computer software.

But the Cabinet left the door open for the Economics Ministry to propose that legislation should include software.

The revision also increased the penalty for copyright piracy from a maximum of three years to five years jail, as well as setting a minimum sentence of six months for convicted pirates.

As well as suspending the laws, the increase in maximum sentences also serves to prevent convicted pirates from making use of a section of Taiwan's criminal code which allows sentences to be converted to a minimum fine.

While the revision affords protection to Taiwan's citizens immediately upon production of a work, foreign companies and individuals must first register their work with the Interior Ministry.

Further delays on Ivory Coast hydroelectric scheme

By Peter Blackburn in Abidjan

IVORY COAST'S \$650m (\$436m) Sonbre hydroelectric power scheme which is running more than a year behind schedule, has encountered further delays due to problems over project management and financing.

Construction tenders have been postponed "until further notice" following complaints at a recent aid donors meeting in Abidjan.

It is understood that the donors led by the World Bank and including the African Development Bank, European Investment Bank and Commonwealth Development Corporation, are concerned about several points.

The object of the Direction des Travaux de l'Energie (DGT), which recently took over control of the project from Energie Electrique de la Cote d'Ivoire (EECI), lacks experi-

ence in hydroelectric schemes.

The aid donors are understood to have objected to a change in tender terms by which contractors and equipment suppliers would now be required to bid in CFA francs and bear the foreign exchange risk themselves. This was felt to give an unfair advantage to French bidders.

The donors are also believed to have proposed that a special body be created with overall project responsibility but detailed supervision would be entrusted to three organisations.

French consulting engineers, Electricite de France, would supervise dam civil works and installation of electro-mechanical equipment. EECI would handle electricity transport and distribution and DGT construction camp, buildings and related infrastructure.

Sierra Leone seeks Iran aid

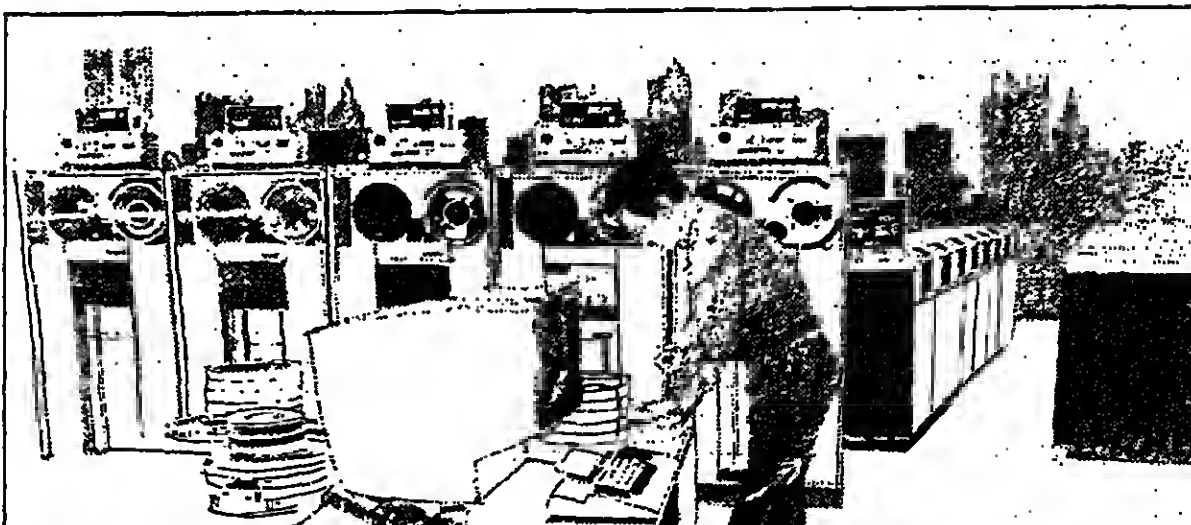
SIERRA LEONE has asked a visiting Iranian delegation for aid in the gold mining, oil exploration and agricultural sectors, officials said yesterday. Reuters reports from Freetown, the Iranian Foreign Minister, Mr Ali Akbar Velayati, arrived in Freetown on Sunday at the head of a 24-member delegation, and held talks with Sierra Leonean officials.

The poor West African country is seeking about \$15m to finance exploitation on gold deposits. It also asked for assistance in taking over the national oil refinery, jointly owned by the Government and three foreign companies—Mobil, Texaco and Shell—whose stake is worth about \$12m.

They said other projects for which the Government of President Siaka Stevens was seeking Iranian help included oil and gas exploration, the creation of a national oil company, a \$60m rice-growing project

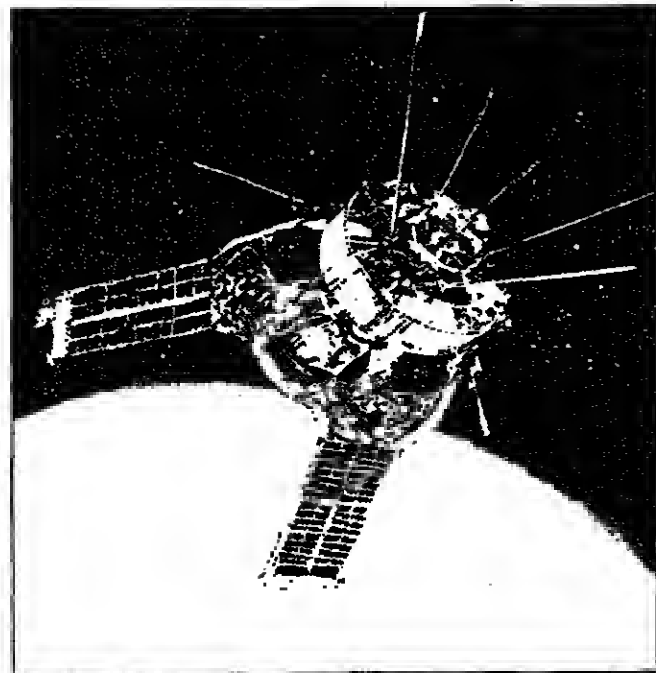


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AMERICAN NEWS

Venezuelan oil price leak suspects arrested

By Kim Foad in Caracas

AT LEAST 10 people, including employees of Petroleos de Venezuela, the state oil industry, and locally-based independent oil brokers have been arrested by Venezuelan police and charged with leaking confidential information on oil export prices and volumes.

Police started an investigation after a tip-off by Petroleos de Venezuela executives who had been making internal investigations of leaks that had allowed buyers to take advantage of impending price changes or the need to sell excess stocks of refined products.

Sr Alberto Quiros Corradi, president of Maraven, a subsidiary of the state oil industry, said on Sunday: "We were worried because there were people who knew a little more than usual about our activities. The information leak was toward locally based companies, who as intermediaries are in contact with buyers."

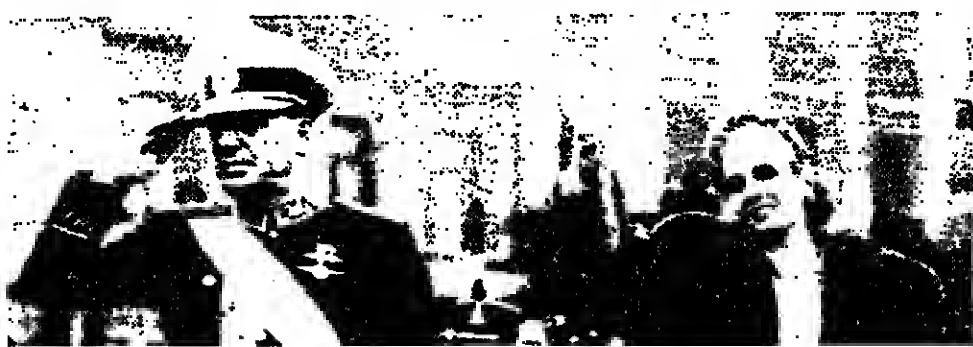
Over the weekend, police raided a dozen offices and homes, according to police chief Sr Gabriel Lugo. Sr Lugo said those arrested included state oil company employees and members of private companies. One was a U.S. citizen, Venezuela's President Luis Herrera Campins has reportedly ordered the investigation to be taken to its "final consequences."

Oil industry observers believe those involved are at fairly low levels in the management structure. Moreover, since the bulk of Venezuelan oil is sold by direct, long-term contract, spot cargoes represent only a fraction of exports, which averaged 1,588,000 barrels per day in the first half of this year.

However, a cargo of 180,000 barrels, which is what a medium-sized tanker carries, with prices ranging from \$25 to \$30 a barrel, would provide an incentive for some individuals attempting to reap profits, one marketing expert said. He explained that if a buyer were aware of Venezuelan needs to place excess production of a refined product on a weak market, he could offer to take it with a discount. If the buyer had prior knowledge of impending price increases, he could purchase ahead of time and make a profit later.

Jimmy Burns in Buenos Aires looks at the state of the parties before October's general election

Argentina's Peronists ponder the Isabelita enigma



Peron and Evita... they live on in the Argentine consciousness

The difficulties are partly the result of Gen Peron's pragmatic attitude towards politics and his inability or unwillingness to build his party around a clearly defined ideology. Peronism is today a pot-pourri of diverging interest groups ranging from neo-Fascists to Marxist revolutionaries.

It has a working-class base, but its leadership has traditionally crushed the more militant exponents of class struggle. Gen Peron's system of patronage also left little room for an orderly succession.

His legendary will—"my only inheritors are the people"—meant all things to all people. It condemned his party to pining endlessly after its dead leader and his second wife, Evita, who died of cancer in 1955. "Peron and Evita live," is still the party's most popular slogan.

Although all camps in the Peronist party are publicly confident, they admit privately

that their future is inextricably linked with the plays of La Seneca, as Isabelita is now called. She is still the titular president of the party and fount of the Peron mystique.

Isabelita has made no public pronouncements about her political intentions, nor confirmed her alleged plans to return before the Peronist congress at the beginning of next month. Some Peronists have threatened to boycott the congress because of the Supreme Court's continuing refusal to drop several pending court cases because of her alleged embezzlement of public funds.

The Isabelita enigma has contributed to denying the Peronists the edge in the run-up to the elections.

Their main rivals, the Radicals, rallied as early as last December round the charismatic figure of Sr Raul Alfonsín, formally endorsing him as their Presidential candidate last month. A lawyer with a

officers who would like to interrupt the democratic process and stage a coup," Sr Alfonsín said recently, "but a coup would provoke widespread civilian disorder and wouldn't succeed. The elections are irreversible."

For over two months, the Peronists have been locked in internal party elections to prepare the ground for the election or endorsement of the Presidential candidate at the national congress.

Peronists officials have tried to focus the media's attention on thousands of militants casting their votes without guns or bombs, but while it is true that the campaign has so far been peaceful, the Peronists are still a long way from destroying their violent, Fascist image.

One example of the Peronists' divisions was the major row that blew up recently over a statement made by Sr Leopoldo Tettamanti over the Falklands.

Sr Tettamanti is a former Undersecretary for Foreign Affairs, widely tipped as a future Peronist Foreign Minister.

His public support for a formal cessation of hostilities as a first step towards restarting negotiations with Britain earned him condemnation as a virtual traitor to his country from the Peronist trade unions.

Until recently the strongest Peronist contender for the Presidential nomination was Sr Italo Luder, a former leader of the Senate, whose public image is the antithesis of that of the late Gen Peron. A soft-spoken public speaker, Sr Luder has



Isabelita... no one expected her back

opted for a moderate, vaguely social democratic platform.

Since his failure to secure a clear lead in the Buenos Aires local elections last week, he has engaged in private negotiations over the governorship of the capital, majorships, and the running of the trade unions with his main rivals, including Sr Antonio Cadeo, the former Economy Minister, and Sr Lorenzino Miguel, leader of the powerful metal workers' union.

The Radical Party came a poor second in the last Presidential elections held in 1973, winning only 24 per cent of the vote against the Peronists' 62. Most political commentators now predict however that this gap will narrow thanks to the new impetus that Sr Alfonsín has given his party.

Right wing attacks U.S. Central America plan

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan's controversial Central American policies are about to come under heavy attack from an unexpected quarter. A wide array of conservative think-tanks and right-wing pressure groups, until recently among the strongest supporters of his tough strategy in the region, have become increasingly concerned over Mr Reagan's tactics.

They are particularly worried about his apparent willingness to consider a negotiated solution to the conflict, which they believe would "sell out" right-wing forces such as the El Salvador Government and the anti-Sandinista "contra" rebels in Nicaragua.

Mr Richard Stone, Mr Reagan's special ambassador to Central America, is to return to the region in the next few days. White House officials said they hoped Mr Stone would have his second meeting with El Salvador guerrilla leaders.

The move that has particularly angered the U.S. right was Mr Reagan's appointment of Dr Henry Kissinger to head the new special commission that is to draw up recommendations for a longer-term U.S. economic and social programme for Central America.

The conservatives regard the appointment as an indication that Mr Reagan is going for "consensus politics" rather than sticking to his guns. They also dislike Dr Kissinger. His commission is "the same people who gave us Vietnam and the Iran fiasco," and "a real slap in the face to the conservatives," in the words of Mr Peter Gamma, president of the International Policy Forum, a new conservative think-tank.

A Washington Post survey of the right-wing group's intentions shows that at least 30 are now focussing on a major "educational" media campaign beginning next month intended to swing the White House and Congress back to the path of "true anti-Communist behaviour." The campaign will call for open support for efforts to overthrow the Nicaraguan Government and a clear willingness to commit U.S. troops to the conflict if necessary.

Unions scrutinise AT&T offer

BY WILLIAM HALL IN NEW YORK

LOCAL UNION leaders of the U.S.'s 675,000 striking telephone workers have been given until tomorrow evening to hammer out final details of the back-to-work settlement after national leaders of the Communications Workers of America accepted an improved offer from American Telephone and Telegraph (AT&T).

The agreement, which has to be ratified by members of the three unions involved in the 15-day nationwide strike, will increase the wages of the telephone workers by an average 16.4 per cent over the life of the three-year contract.

It has been estimated that settlement will cost U.S. telephone companies an extra \$3bn. Mr Glenn Watts, President of the CWA, representing more than 500,000 workers, and one of the most respected leaders said the settlement was a substantial improvement.

According to the union, the proposed three-year settlement provides a maximum wage increase of 5.5 per cent in the first year and a maximum of 1.5 per cent, plus a cost of living adjustment, in the second and third years. Before the strike, AT&T was offering a maximum

first year wage increase of 3.5 per cent for senior employees only, and nothing for new employees. The company also dropped demands that a part of the employees' health insurance costs be transferred to the unions.

The new agreement, which is also supported by the two smaller unions, the 100,000-strong International Brotherhood of Electrical Workers and the 50,000-strong Telecommunications International Union, means that the average wage for U.S. telephone workers will rise from \$12.33 per hour to \$14.25

Strikebreakers reopen U.S. mine

BY WILLIAM HALL

PHILIPS DODGE, the second biggest copper producer in the U.S., reopened its strike-bound Morenci copper mine in Arizona over the weekend using non-union labour. The result was one of the most violent scenes in recent U.S. labour history. Some 1,000 strikers armed with baseball bats threatened non-union workers as they crossed the picket line at Morenci, Phelps Dodge's biggest facility.

The miners at Phelps Dodge have been on strike for 53 days. Unlike previous strikes when the company has closed its

operations for the duration, Phelps Dodge decided to continue running its copper mines, this time because it said it could not afford to close them.

Non-union labour was used at Morenci until August 9, when the increasing violence led the company to close the mine temporarily. During the reopening over the weekend, some 300 National Guardsmen and 450 State patrolmen were dispatched to the mine.

The company claims output is now back to 75 per cent of normal levels prior to the start of the dispute. Phelps Dodge, which lost

\$74.3m (£49.56m) last year, is the only major U.S. copper producer to be on strike since its two main rivals both settled new labour contracts peacefully.

The company is asking for a three-year wage freeze for existing workers who earn an average \$26,000 a year and a cut in wages of between 10 and 15 per cent for new employees. The company said yesterday that many workers were defying union instructions and returning to work and it expected its copper output to be back to normal within a matter of weeks even without a settlement of the dispute.



One opportunity that must not slip through Britain's fingers.

Twenty-five years ago, Britain's civil aircraft industry led the world with programmes like the Comet and the Viscount.

The all-new Airbus A320, the world's most advanced jetliner, will give British industry the opportunity to demonstrate itself a leader once again.

The remarkable A320, on which Britain will stake its aerospace future, is currently under the microscope of many key airlines around the world. Alongside it are some American derivatives whose basic technology stretches back to the early sixties.

At least 6000 British high-tech workers conscious of their future consider this unequal comparison is hardly fair competition.

 **Airbus**

UK NEWS

Doubts grow on future of U.S. Steel plan

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE FUTURE of a deal which would link crude steel production at British Steel Corporation's (BSC) Ravenscraig works in Scotland to the finishing works of U.S. Steel's Fairless plant, near Philadelphia, is in some doubt, although both sides insist the project is still alive.

Speculation that the deal is in difficulty is based on the following developments:

● Bethlehem Steel, the second largest U.S. producer, confirmed yesterday that it was considering legal action on the grounds that the proposed deal amounted to unfair competition.

● Management and unions at Fairless have set up a joint committee to consider alternative ways of saving the plant, with workers arguing that it could be modernised for about \$750m - not the \$2bn U.S. Steel has cited.

● U.S. Steel has asked for, and been unable to secure, assurances from BSC that the deal would not be opposed by the workforce at Ravenscraig.

● Political opposition remains intense on both sides of the Atlantic, as the deal would mean the loss of up to 2,000 jobs at each of the Scottish and U.S. plants.

Mr Ian MacGregor, British Steel's outgoing chairman, said last month it would be September before both sides knew they had a basis for a deal. This was an indication of delays in the talks.

Dr Jeremy Bray, the Labour MP for Motherwell, who has Ravenscraig in his constituency and who is a strong opponent of the deal, said yesterday that he thought the proposals were dead. He was speaking

at a press conference after a two-week visit to the U.S. He also claimed that U.S. Steel was becoming cool about the link-up and pointed to a lull in communications between both sides.

Dr Bray said Bethlehem had informed him of its readiness to take legal action when he visited the company's Washington representative, Mr William Wickert.

In a letter to the U.S. Department of Commerce written in June, the company said the deal "if implemented would be a violation of the terms of the arrangement [between the EEC and the U.S.], a significant breach of the entire spirit of the arrangement and in general be contrary to our laws".

The proposal would certainly be a 'diversion of trade' such as to impair the objectives of the arrangements.

Although Dr Bray claimed both sides had been out of contact, BSC said yesterday that Mr MacGregor and Mr David Rodrick, the president of U.S. Steel, held talks in July.

A statement from BSC said: "As far as BSC and U.S. Steel are concerned, negotiations are continuing. But if Dr Bray has succeeded in making the deal impossible, it leaves British Steel with one major problem: what to do with Ravenscraig's output?"

In Scotland, opposition to the link has ranged from hostile among the trade unions to open scepticism on the part of Scottish Conservative MPs.

Mr George Younger, Secretary of State for Scotland, is known to have reservations about the deal, which has yet to be put formally to the Government.

Turbine sales expected to decline again

BY IAN RODGER

WORLD MARKETS for gas turbine engines are expected to resume their declining trend next year after a slight surge in deliveries this year.

By 1987, annual deliveries could be 37 per cent below the peak 17,300 megawatts (MW) reached in 1977, according to a new forecast by Planning Research and Systems, a London-based market research group, in co-operation with the U.S. journal, Gas Turbine World.

Gas turbine engines are used to generate electric power and to drive industrial machines, such as pumps and compressors, often on oil and gas pipelines.

Generally, the mechanical drive markets have held up better than electricity generation. The expected surge in deliveries this year, for example, is due in large part to engines for use on the Soviet Union's natural gas pipeline to Western Europe.

BET in talks on sale of oil stake

By Ray Daffer
Energy Editor

BRITISH Electric Traction (BET) is discussing with several oil companies the possible sale of its stake in the North Sea Maureen Field. Industry estimates suggest that BET could raise between £40m and £70m from the sale.

BET, which is currently restructuring its business interests, confirmed last night that it had received "a number of approaches" for its 5 per cent stake in Maureen, an oilfield which is due to begin production towards the end of September.

The company added that no decision had yet been taken on whether to proceed with a sale. It is understood that BET is still assessing its long-term commitment to the oil industry.

BET currently has interests in 17 North Sea licence blocks, although the Maureen Field in block 16/28a - 163 miles north east of Aberdeen - is the company's first commercial discovery. Partners in the field, operated by Phillips Petroleum, have invested a total of £700m in its development.

According to oil industry reports European and British oil companies - including UK independent group Charterhouse Petroleum - have expressed an interest in acquiring BET's Maureen stake. The field is due to yield oil at an average plateau rate of 70,000 barrels a day.

Mr Hugh Dundas, BET's chairman, told shareholders earlier this month that the company was moving into a "new era".

Changes would include a reduction in the diversity of operations, the speeding up of the disposal of businesses "where profits are now, or are expected to become sub-standard or which do not fit in with our long-term planning"; a more active acquisition programme to enhance the group's growth potential; and the further sale of general investments.

The company's latest annual report says that BET's future commitment to the oil sector was being "actively reviewed".

NEW COAL CHIEF WILL BANK ON 9-YEAR-OLD INDUSTRY PLAN

MacGregor sizes up profit task

BY RICHARD JOHNS

MR IAN MACGREGOR is expected to use a nine-year-old strategy as his starting point for making the National Coal Board (NCB) profitable when he takes over as chairman next month.

The strategy is the 1974 National Plan for Coal which was drawn up and endorsed by the Government, the National Coal Board and the unions. The significance attached to it by Mr MacGregor as he faces up to the task of eliminating over-capacity in the industry and closing high-cost pits arises not only from the fact that the National Union of Mineworkers (NUM) agreed to it at the time, but also the continuing validity and relevance of its content.

The plan envisaged the replacement of exhausted reserves and high cost pits with investment in new capacity. Implementation of the broad strategy outlined in it was both retarded and distorted when the NCB's attempt to accelerate pit closures was thwarted by the strikes in 1980.

Close associates of Mr MacGregor emphasise that he has not yet focused on the problems of the industry in detail and will not do so until

he establishes himself at the NCB's headquarters. But they say he sees the plan as embodying a basic consensus which Mr Arthur Scargill's leadership of the NUM has not necessarily undermined.

The plan projected closure of un-economic capacity at a rate of 3m-4m tonnes a year, but the actual average achieved has been only about 2m tonnes since 1974.

In contrast to a recommended investment of £600m (at 1974 prices) up to 1985 to improve existing mines and exploit new reserves, actual capital expenditure from 1974-75 to 1982-83 by the NCB has totalled nearly £1.2bn (in current prices).

The assumption is that MacGregor will try to localise wage bargaining in his efforts to bring about profitability as he did in rationalising British Steel Corporation.

He is said, however, to have been impressed by the extent of decentralisation already achieved by the NCB in respect of incentive bonus schemes. Basic wage rates are negotiated nationally. Mr MacGregor insists that he will start appraising the problems of the coal industry and ways of solving them only



Ian MacGregor

when he takes up his own office. He is known to have had a number of meetings with Mr Norman Siddall, the outgoing chairman.

One of Mr MacGregor's known beliefs is that all industries have their own "in-group perceptions," and, therefore, a fresh approach, uncluttered with preconceived ideas, is needed to solve problems. He has experience of the U.S. coal

industry, but has had no direct involvement with it for five years.

Quite apart from the brief given to him by the Government, fundamental to his approach is the conviction that British industry must not be saddled with high power costs as a result of obligations on the part of the Central Electricity Generating Board (CEGB) to purchase UK coal at internationally uncompetitive prices.

Yet he would be the first to acknowledge that the size of the coal supply contract to the CEGB - the largest to the world - and the political impossibility in exposing it to the full blast of competition from cheaper imports over night - makes his task at the NCB less daunting in the first instance than the one which confronted him at British Steel.

Mr MacGregor is apparently sincere in his belief that the human and social costs of the coal industry should be borne by society as a whole.

His sense of mission will make him immune to charges of "butchering" the coal industry, according to former colleagues.

British Gas tariffs too low, says report

BY RICHARD JOHNS

A REPORT to be published later this week should make it easier politically for British Gas Corporation to raise its tariffs in the autumn, in spite of the record profit of £855m achieved in 1982-83.

The corporation is understood to be criticised for underpricing its gas in the report by the accountants, Deloitte, Haskins and Sells.

British Gas and the Department of Energy jointly commissioned the report under a system for scrutinising the affairs of nationalised industries every four years.

When he announced British Gas results last month, Sir Denis Rooke, chairman, raised protests from consumer groups when he implied that prices for industrial users would be frozen until the end of the year, while those for domestic customers would probably have to rise.

Sir Denis added that "in the longer term modest gas price increases seem inevitable," not least because

the price paid by the corporation for supplies from the North Sea and elsewhere was bound to rise.

Largely because of the corporation's access to cheap North Sea gas and, until this year, monopoly position on purchasing from producers in the UK sector, British gas prices for domestic consumers have consistently lagged behind those for electricity.

Gas prices still have a considerable advantage in spite of three successive annual increases, ordered by the Government in 1980, of 10 per cent above the rate of inflation.

Sir Denis said any increase in the autumn would be less than the rate of inflation. Nothing could be decided until the corporation had been given new financial guidelines, he added.

After payment of gas levy and other taxes, British Gas was left with only £188m in retained profits for the year just ended.

Royal Navy power 'emasculated'

BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE ROYAL NAVY lacks the necessary balance to conduct general maritime operations, in spite of the partial reprieve it was granted after the Falklands war, according to the latest edition of the book, *Jane's Fighting Ships*, published today.

Captain John Moore, *Jane's* editor, claims that the 1981 defence review, undertaken when Mr John Nott was Defence Secretary, showed a "lamentable failure to appreciate the role of sea power in the affairs of state."

As a result of the review and in spite of the recantations forced on the Government by the harsh realities of the Falklands campaign, the Navy has suffered "wholesale emasculation."

Jane's lists five main areas of weakness. It notes that the effectiveness of Britain's nuclear submarine force might be inhibited in fu-

ture by lack of numbers and refuelling capability; there is a lack of long-range airborne early warning, although the "ingenious use" of helicopter-borne radar has helped there are not enough flat decks for effective take-off for Harrier fighters, and the "cheap" frigates, the Type 23, will turn out to be only 10 per cent cheaper than the present Type 22, which it is designed to replace.

But the largest gap in British defence might be in mine countermeasures, Captain Moore says. Despite the acquisition of new minehunters, "it still remains unlikely that more than two major ports could be kept open during a determined mining campaign."

"With warship prices doubling every four years, innovative and far reaching reforms are needed," he says.

Dole cuts plan may provoke Tory revolt

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

PLANS to cut unemployment pay to young people living with their parents could lead to a revolt by Conservative MPs when Parliament resumes sitting in the autumn.

The idea, which may be incorporated into the present review of public spending, is understood to have the enthusiastic backing of Mrs Margaret Thatcher, the Prime Minister, and Mr Nigel Lawson, Chancellor of the Exchequer. Their enthusiasm is attributed less to the potential for financial savings than to their desire to create incentives to seek work.

Both made clear in recent months their belief that many school leavers regard going on the dole as a soft option, and do not even attempt to find work.

Such sentiments could be expected to be well received at the forthcoming Conservative Party Conference and might provide a focal

point in any discussion there on unemployment. However, indications are that a substantial number of Tory MPs would oppose any such move - at least pending a sharp reduction in the youth unemployment figures.

It is being emphasised in Whitehall that proposals are still in preliminary stages and are likely to be much modified if not dropped altogether, depending on the reaction of Tory MPs. The issue has, in the meantime, provided an opportunity for candidates in the Labour leadership contests to raise their sights, above factional quarrels, and resume attacking the Government.

Mr Neil Kinnock, favourite to win the Labour leadership race, described the proposal as economic nonsense. He alleged that youth unemployment had been created and deliberately worsened to make young people hopeless and subordinate.

Retailers fear leap in bad debt losses

BRITAIN's retailers expect bad debt losses to soar by the end of the year because of planned staff cutbacks among the country's county courts.

The Lord Chancellor's Department, which oversees all UK courts except magistrates' courts, confirmed yesterday that it intended to cut its number of bailiffs throughout the country by 30 per cent.

To achieve those cutbacks and not add further strain to the overloaded court system, the department also intends to increase the minimum amount of money it will allow creditors to seek through the county courts.

That minimum is expected to be more than tripled, from the current £15 to £30 by November.

As a result, the Consumer Credit Trade Association and the United Association for the Protection of Trade now say that millions of pounds in unrecoverable debts are likely to be lost by their members when the new minimum comes into effect.

The Burton Group, one of Britain's leading clothes retailers, estimates that it alone might lose between £300,000 and £400,000 next year in bad debts.

"This is a very wide issue, affecting the whole of the consumer credit industry, and these changes are just going ahead with no discussions," Mr Victor Ware, Burton's credit manager, said yesterday.

Mr John Patrick, director of the Consumer Credit Trade Association, said yesterday that the new rules might lead to some 15 to 30 per cent of members' bad debts "going down the drain." Britain's total consumer credit industry has an annual turnover of more than £1bn.

Mr Patrick also predicted that the changes might lead to a dramatic shift in the tactics used by retailers for collecting debts. He also predicted that consumer credit would become much tighter in Britain.

REGIONAL HEALTH authorities in England have been told to achieve economies this year, particularly in less essential expenditure on goods and services. A department of Health directive says manpower control must be tightened and sets a reduced cash limit on capital expenditure from £80lm to £383m.

ROOT CROPS in Lincolnshire, Britain's biggest potato-growing region, are said to be the lowest for seven years. Growers say hot weather has caused potatoes in some areas to "cook in the ground." Huge price rises are forecast.

UNION LEADERS at Dexon, shelving manufacturers in Hemel Hempstead, Hertfordshire, are planning legal action against the company because it has withdrawn a free tea concession to workers as part of cost-saving measures.

BORG-WARNER's air conditioning factory at Basildon, Essex, is making 130 workers - a quarter of the workforce, redundant because of a shortage of orders. The Basildon works is the main manufacturing plant in Europe of Borg-Warner's York air conditioning division.

A 14-DAY DEADLINE set by the Financial Times management for securing a joint pressroom agreement (JPA) with two print unions passed yesterday with no immediate prospect of agreement. Failure to secure a JPA was at the centre of the recent FT dispute. Mr Alan Cox, joint managing director of the FT, said he was still optimistic about reaching an agreement and emphasised that there was no suggestion of a breakdown in talks.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON WEDNESDAY, 24th AUGUST 1983.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 22nd August 1983, and has issued to the Bank, additional amounts, as indicated, of each of the Stocks listed below.

£300 million 12 per cent TREASURY STOCK, 1995
£200 million 11½ per cent TREASURY STOCK, 2003-2007

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 22nd August 1983 as certified by the Government Broker.

In each case, the amount issued on 22nd August 1983 represents a further tranche of the relevant Stock, ranking in all respects *pari passu* with that Stock and subject to the terms and conditions of the prospectus for that Stock, save as to the particulars therein relating to the amount of the issue, the price payable, the method of issue and the first interest payment. Copies of the prospectuses for the Stocks listed above, dated 9th September 1977 and 20th July 1979 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA.

Application has been made to the Council of the Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	Redemption date	Interest payment dates
12 per cent Treasury Stock, 1995	25th January 1995	25th January 25th July
11½ per cent Treasury Stock, 2003-2007	22nd January 2007, or on or at any time after 22nd January 2003 subject to not less than three months' notice	22nd January 22nd July

Each further tranche of stock issued on 22nd August 1983 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock.

BANK OF ENGLAND
LONDON
22nd August 1983

Putting on the Ritz all the way to New Zealand.



AIR NEW ZEALAND'S 'RITZ OF THE SKIES' SERVICE TO LOS ANGELES AND NEW ZEALAND ONCE AGAIN CAME TOP IN THE LUNN POLY BUSINESS CLASS SURVEY

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THE ARTS

Edinburgh Festival 1983

Visual art: the Cinderella

The Edinburgh Festival is certainly a festival of the arts, but hardly a festival of the visual arts, even though there is, as always, much to see that is more or less closely associated with the festival. John Drummond in his last year as director leaves the situation much as he found it, and perhaps we too should resign ourselves to it, accepting the good things for what they are, and not expecting too much of his successor. For the festival has never been an integral part of itself, never made it necessary to be in Edinburgh for the art as such, though we may be lured in by a particular treat; and the symptoms of this awkwardness are inescapable.

Most striking, perhaps, is the fact that most of those exhibitions not open already, unveil themselves in what the organisers describe revealingly as Week Zero, and the sense of certain detachment that must flow from this arrangement is hardly diminished when we learn that one of the principal exhibitions that the festival claims for itself has been on show at the National Gallery of Scotland since mid-July and continues into October.

The truth would seem to be that Edinburgh being what it is, an historic capital with a complement of great collections, museums and institutions, and some enterprising private galleries besides, the festival is happy to arrogate to itself what ever is done, and might well have been done anyway for a place so full of people. Such opportunism is no disgrace, but it does not make for coherency. There is the menu from the "Complete Programme Guide '83": *Vienna 1900* (York Buildings and Fine Art Society), *Man and Music* (Royal Scottish Museum), *Monte Carlo* (National Gallery of Scotland), *Sandro Chia* (Fruitmarket), *Scottish Expressionism* (389 Gallery), *Pre-Columbian Ceramics* (Hundertwasserhaus), *Contemporary Art* (all at the City Art Centre). The *Vienna Engagement with Modern Art* (Richard Demarco).

This list tells us several revealing things, though not perhaps intentionally. The historical and the general, which are safe, while significant current activity at large is left to the engaged individual

[Richard Demarco], or to the interested institution (The Scottish Arts Council). Even this requires a further gloss; for Demarco's *Vienna* exercise is on account of the collection of minimal and conceptual art made by Gouna Panza di Biumo between 1955 and 1975, and the Council's show of the work of Sandro Chia of the Fruitmarket, which is genuinely important, perhaps the only one in Edinburgh to be so, is also a blatant stop-gap, put together in two months upon the late cancellation of what was to have been a more general and personal anthology of modern British painting.

Chia is one of the better painters of the new wave of figurative expressionism that has been so much the movement of the eighties, and he is Italian, which would have made him the perfect ornament of last year's festival, when Italy was the theme this year it is Vienna which will come to a moment. He is precisely the sort of artist around which the festival could build a real programme, bringing to Edinburgh the kind of work against which not just Scottish but British artists really should be prepared to test their own directly—Scottish painting certainly is tougher than too many of us are prepared to allow.

And as it happens, chance does put up a fair range of Scottish Expressionism, in and around the festival in spite of Vienna. I was unable to see the show at the 608 in the High Street, which covers the ground from McTaggart to the present; but William McTaggart is also one of the principals of the excellent *Master Class* at the National Gallery. It is submitted that Robert Scott Lauder and his pupils, and is effectively a celebration of what the gallery suggests was the first truly Scottish School of painters.

Lauder had been a pupil himself of the old Trustees Academy in Edinburgh, had spent much time in Italy and then set himself up in London. But though he had been responsible for some exquisite examples of the Romantic portrait, his career as a portrait painter was altogether a success, and he was happy to return to Edinburgh in the 1850s as director of the Academy in its last few years. He regenerated its enrolment, and the gallery's collection, which proved to be a most distinguished group that, along with McTaggart, included

Orchardson, Pettie, Chalmers, Herdman and a half-dozen others.

The show follows their careers, from the shored life class and the precocious pre-Raphaelite essays of their early years to their divergent old age: Orchardson, the most sophisticated, Whistlerian and distinguished; McTaggart the most adventurous, all of them pillars of the Academy. And it is a nice coincidence that two senior members of the present Scottish Academy should be giving us their own contribution to contemporary Expressionism in one-man shows in private galleries.

Sir Robin Phillipson, lately the president, is showing at the Scottish Gallery, filling it with a brood of his recent work, large and tiny and covering many themes. But varied as it is, the work is overall more straightforward than it has been for a long time, so much less enigmatic in approach and clarity in the handling, his natural facility of line given for the most part a direct and unselfconscious expression. It is an impressive demonstration.

And at the Mercury Gallery, John Houston shows his new work, his subject material less conspicuously varied, perhaps, but full of surprises. He is the best painter of the sea we have, a preoccupation he shares with McTaggart, though his treatment of it, broader and simpler, puts him closer to Nolde; and he has made the view out to the Bass Rock his own, taking it in of light, mood and sensation. He is now in a phase in which he is working with a remarkably confident expansiveness, which he clearly enjoys; and this quality he carries over into all aspects of his work, his groups of figures at parties and private views, his single-figure studies of his wife, Elizabeth, and his flower pieces. This, too, is a very strong show.

The Mercury Gallery itself brings us at last to Vienna, for it is also showing in its basement a very pleasant display of the main *Vienna 1900* exhibition, concentrating on the Wiener Werkstätte, the cooperative workshop of designers and artists associated with the Secession, the silver of Hoffmann, Orlik, Löffler, Mackintosh, Moser. It is dense, informative, well set out, and highly enjoyable. As the flag-bearer of the festival, however, it is also highly suspect, for it is deeply and essentially a museum show, scholarly and



Detail from "Fratello" by Sandro Chia

Both shows are most useful additions, and it is only fair to say that *Vienna 1900* is itself very good, setting out very clearly the social and political context in which creative artists then and there were working, and giving salutary emphasis to their mutual curiosity and their mutual curiosity and the particular cases of their active collaboration: writers, painters, architects, designers and musicians. Some splendid examples of what was done have been brought together, all the right names are well represented and the story of the Secession well established.

There are a number of surprises (Schoenberg's paintings), rather more treats (Schiele, Klimt and Kokoschka of course; Hoffmann, Orlik, Löffler, Mackintosh, Moser). It is dense, informative, well set out, and highly enjoyable. As the flag-bearer of the festival, however, it is also highly suspect, for it is deeply and essentially a museum show, scholarly and

diacritic and historical, and worthy enough. But does all that make for a festival show? The organisers must think so for their other principal enterprise, *Man and Music* (which I did not see) would seem by report, mutants mutant, to be much the same kind of thing.

In the event the festival survey serves itself better, if only in spirit, by the more eccentric and one-off exercises, the most conspicuous of which in this year's crop must be the commission to the RSA by Houston Rothchild of the full set of the decorated labels. With the single precursor by Jean Carlu in 1924, and almost every vintage since the War, an artist of some eminence has been invited to design the masthead to the label and to receive an enviable payment in kind, with a tribute to Picasso in 1973, and to the Queen Mother in 1977 the only exceptions.

WILLIAM PACKER

The Last Days of Mankind/Assembly Hall

Michael Coveney

With a fine and unrelenting flourish the festival drama programme opened in the Assembly Hall on Sunday night with the Glasgow Citizens' four hour version of Karl Kraus's *The Last Days of Mankind*. Kraus, a mordant key witness to the disintegration of the Austro-Hungarian Empire, is hardly known to us, but in this extraordinary epic he charts the empire's collapse, the disintegration of Viennese intellectual and philosophical life and the horrendous carnage of the First World War.

We wrote the 800-page piece during the war, published in 1915, and only ever saw the final apocalyptic epilogue produced on the stage in 1967. The daunting double task of dramaturgy and direction has fallen to Robert David MacDonald.

The idea of the original lies in the spirit of the dialogue between Kraus himself, the prophetically sordid pessimist here labelled Krasus the Grouse and a putative optimist. The Assembly Hall has been given a large thrust

platform by designer Terry Bartlett (a stunning debut for the company) on which is retreated one of these magnificent Viennese coffee rooms where the fate of the universe was endlessly discussed to the accompanying rustle of newspapers. Huge glass windows spread out around a central staircase down which an actress (Jill Spurrier) descends to the applause of waiters, like Carol Channing in *Hello Dolly*.

There are large ported pianos, small round tables and a proliferation of centwood chairs. The clubland atmosphere is reinforced by the startling small chat of black-suited, sleek-haired regulars and the still, devastatingly articulated figure of Giles Hargrave's Krasus. The idea behind Mr. MacDonald's uncompromising production is similar to that of the company's 1976 revival of Coward's *Smile Please*. Consistently, the Citizen's style of salon world drama, the outside world of Viennese prostitution and poverty, the butchery at the front line, and the

revenge of self interested apologetics for the Central European debacle, impinges on the café like the nightmare hallucinations of their chief critic and chronicler.

In one remarkable sequence, the café is overtaken by mass panic as somebody shouts "the Russians are coming." After the details of the Italian campaign and some amusing invective against the English, a screening is announced of a film of the Battle of the Somme. The *Vienna 1900* exhibition in the National Museum of Antiquities begins with images of Hapsburg Imperial splendour and the decorative decadence of the early Secession exhibitions, before turning brutally to the grotesque lithographs and paintings of Schiele, Kokoschka, and Schoenberg (whose "Three Gazes" are alone worth the trip to Edinburgh). So it is in this play. We see the charming of a Viennese dreamworld, punctuated with snatches of the Redetsky March and Schubert Lieder. The prostitutes take

revenge on the military by spreading disease.

The third of Mr. MacDonald's four acts (Kraus wrote five plus prologue and epilogue) begins with a strolche-trotter telling the statistics of infant mortality to an indifferent clientele.

All the while, Kraus bemoans the distortion of the truth by both politicians and journalists. But his Act Two denunciation of the lunacy of war is capped by the ostentatious unripening of a waiter on the steps. However Mr. MacDonald has treated the Austrian dialects of the original he certainly succeeds in making the play sound his own. We are fairly pummeled with aphoristic pronouncements, but some of Kraus's speeches, especially in the last act, have a truly elegiac quality and persuasive rhythm. Mr. Hargrave, resembling a cross between Kokoschka's drawing of Kraus and photographs of Gustave Mahler in middle age, finally concludes that not wanting to know about war is a bigger ignominy even than war itself. He gets up, snaps shut his briefcase, splits out the last lines of *Hamlet*, tips the waiter, and leaves.

It is at this point that all hell breaks loose. The future is now draped in white cloth, the stage surrounded by barbed wire, the cast are in gas masks, hands raised in helpless defiance as the text peters out in a cascade of rhyming couplets. We have had hands and pistol reports all evening. Now the whole piece goes up in a spectacular smoke confagration of lighting designer Gerry Jenkinson pulling out all the stops as if we were attending one of today's more outrageous rock concerts. A disembodied voice from Mars breaks off relations with our planet and leaves us to stew in our own rancid juice.

It is one of the best holocausts yet devised by the Citizens and it brings a challenging, awkward, nerve-racking but never unimpressive evening to a remarkable conclusion.

Book Review
Clement Crisp
Beguiling portrait

Lydia Lopokova edited by Milo Keynes. Weidenfeld and Nicolson. £15

Lydia Lopokova died two years ago at the age of 88. Member of a distinguished ballet family in St. Petersburg—her elder sister and both her brothers were dancers—the left Russia in 1910 to join Diaghilev's second *Soiuz Russes*, and "fainted right away" records Karsavina, on arriving in Paris. It had long been her dream to be in Paris and "the lovely sight" of the Gare du Nord was too much for her.

Her dancing career was spent in the West, where her gaiety and charm captivated the public. Audiences succumbed totally to her physical wit, to her tiny, snub-nosed, blonde prettiness, and to her enthusiasm for dancing. She had what was called "the look of a genius of personality," and this magic ingredient not only won her undying devotion from her audiences but also from John Maynard Keynes, her second husband.

To chart something of Lopokova's career and her idyllic marriage with the great economist is the matter of this commemorative volume of essays edited by Keynes.

nephew, Milo Keynes. The portrait that emerges from contributions by family, friends, associates—they range from Sir Isaac Berlin to Dame Ninette de Valois—is lively, beguiling.

An especial fascination inevitably comes from the trappings of this impulsive and often being into the heart of J. M. Keynes. In their marriage, there was some mysterious response of temperaments which created what all Keynes' friends recognised as an ideally happy partnership. An emotional chemistry between mutually responsive opposites brought joy to the prodigiously intellectual Keynes (who had just ended a relationship with what Quentin Bell, in the most illuminating and witty contribution to this volume calls "that charming and erudite person, the late Professor Spott, at that time a very elegant and seductive youth") and the adoring, impulsive ballerina, whose every caprice and lightning change of artistic direction her public—and even the notoriously unflinching Diaghilev—could accept.

Her friends and colleagues, and in due time Bloomsbury itself, loved Lopokova for her artistry as for her frankness, for her artfully artless monologue of the English language.

her sometimes malaproposits and for her entire absence of side or pretension.

Her letters must have been an essential joy to their recipients. Some of the daily notes are reproduced that she sent her husband when they were apart, including a joyous selection when she was dancing in Etienne de Beaumont's *Soirees de Paris*: "By now I am like a theatrical rat, always in the theatre, and without end we wait, there is not one controlling voice in the situation, except the Camie's polite but weak falsetto."

The collection of portraits and photographs that are reproduced, including Picasso's *Ingres-like* drawing of her, suggest the sometimes child-like, always eager personality. Writing about what her own obituary might say, Lopokova proposed: "She was fresh, radiant, and simple when she made acquaintance on J. M. Keynes, also all her life she longed for a university degree, which was of course outside her brain province. But on the whole it was not deficit in her character."

Save the fact that she omitted to note that she was a dancer of great qualities, there could be no more apt comment upon the Lydia Lopokova whose presence this book so happily evokes.

All change at Pitlochry

Departure of Kenneth Ireland means the end of an era

The news from Pitlochry is that Kenneth Ireland is retiring as artistic director of the Festival Theatre after a magnificent run of nearly 30 seasons, and many triumphs to his credit; and that Sue Wilson, 36, is taking over from him next year. Dr Ireland must be a hard act to follow and I am sure I speak for all regular customers when I say we wish the new director well in her difficult task. Mr Wilson learnt her job at the Chichester Festival Theatre, and it will be fascinating to see just how she handles her assignment.

When historians look back on the Ireland era they will, I feel, point to an astute amalgam of the popular, the Scottish, the classical and the contemporary, a mixture of variables of the menu, Ireland never put on a play in which he did not thoroughly believe, but his taste was highly eclectic. He was a great theatrical educator with a proper respect for receipts at the box office. In the past couple of seasons there seems to have been a hiccup or two in getting the precarious balance of the repertoire absolutely right.

Certainly when the Festival moved to its custom-built, glass-plated new theatre a couple of years ago there was a distinct drop in audience figures but this, I suspect, was largely due to the conservative habits of many regulars who enjoyed the little walk up the hill to the old theatre and had not really grasped the fact that the new one (still offering five plays in as many nights) was now located just out of town on the riverbank.

At any rate this season the message does seem to have sunk in. The audience turned up in force; the programme found favour with both visitors and locals. The most ambitious production was *Twelfth Night* directed by Joan Knight which elaborately portended set

designed by Colin Winslow. Orsino's palace and Olivia's house teased the eye with hidden doorways, balconies and vanishing perspectives, and the whole cast in costumes for the whole cast.

Frank Moore was the power-mad Molvo, more than a match for the whole pack of them. His final humiliation in the dark room was carried out mainly below stage, only his head showing at the feet of his tormentors, which made the whole baling episode, culminating in a cry for light, even more unbearable than usual. By contrast, his lovers, Alec Heggie (Orsino), Kate Ingram (Viola), had the remote air of creatures dancing a formal gavotte around Sarah Benfield's impenetrable Olivia. Anyone—coming to this play for the first time, would, in spite of some slow patches, have not more from this effort than many more trendy productions down south.

Happily there are always fresh opportunities to see *Twelfth Night*, but what of the Scottish, the classical and the contemporary? Often they sink without trace and merely reading the text does not help one to understand what all the fuss was once about. I am thinking particularly of *William's Night* with *Fort* and *Ben Travers' Rookery Nook*, both of which have been big hits this year at Pitlochry.

Both show an isolated villa, or bungalow, as a model of periwinkle England, distilling its shabby anxieties, on the one hand into melodrama, and on the other into farce. Here was the eerie spectacle of a ghastly theatrical ecstasies taking on living flesh and blood, silencing the quibbling critical side of the mind as it surrendered to the hypnotism of performance.

In *Night*, as soon as the bell-boy from the hotel cockily enters Mrs Bramson's bungalow, how he is the murderer, and we cannot take our eyes off him. Scrub off the greasepaint and none of what happens would stand up to a woman's scrutiny, but given performances, as here, of adequate power, it all still brings out the goose-pimples. Iain Stuart-Robinson struck just the right arrogant notes as the diabolical Don.

Brigitte McCann was also memorable for her portrait of

the Plain Jane, down-trodden niece attracted to Don. She gave her dignity.

It is the opposite — ludicrousness — of which Ben Travers was the master; and whereas Travers specialised in one-liners and busy ensemble work. The troupe rose to the occasion milking the lines for every snigger and leaving no pair of trousers untwisted. The director, Christopher Denys, trussed both at a cracking pace. Horold Twine, the Robertson Hare role at the Aldwych, most hopelessly of all the males, was brought hilariously back to life by Iwan Thomas. No one could grudge him the round of applause he received when he made his act two entrance in plus fours, all ready for a round of golf never, in the event, to be played. Iain Richardson was the formidable Mrs Twine and Carolyn Moody the sharp-tongued cleaning-lady.

Both these plays were safe bets you might say, given true professionalisms. Brian Fyfe's *Translations* certainly was not a safe choice, but it has inspired the most distinguished work this season in a production by Robert Trotter. It was a brilliant notion to put this drama of Ireland, during the first 19th-century ordinance survey, in its own language, and to have it in Scottish Gaelic, all manner of echoing vibrations and analogous happenings suggest themselves.

Helen Wilkinson, the designer, gave us not only a vivid impression of the hedge-school in its barn, but quite a swathe of the surrounding countryside as well. We saw the English closing in on the little band of peasant scholars imposing their alien language but their will. Murray James made something out of Hugh, the pedantic patriarch whose mission in life is to teach Greek to the Celts; Bridget McCann was adept at showing how instant love may bridge a language gap; and Michael Loney made a most plausible turncoat. The Pitlochry tradition of *Plays in Progress* continues to flourish. These performances are given in a workshop format in the restaurant on Saturday mornings, with the audience encouraged to discuss the work afterwards.

ANTHONY CURTIS

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Arts Guide

Opera and Ballet

English National Opera: Coliseum: the season opens with two ENO successes of the recent season - Anthony Bonello's handsome *Cavaliers-and-Roundheads* production, Don Giovanni - alongside Richard Van Allan, familiar in the title role, there are some interesting new casting ideas: Norman Bailey's first London Leporello, Suzanne Murphy as Anna, Marie Siorach as Elvira, Adrian Martin as Ottavio - and the new world-famous Jonathan Miller version of *Rigoletto*, Verdi trans-mused into a 1950s New York Mafia melodrama, with Mark Elder conducting, John Ransmay and Arthur Davies as hunchback-bartender and "Duke", and a new Glida in Helen Field (88310).

Royal Opera House, Covent Garden: New York City Ballet - great dances, great dancers, great pleasure in a richly varied repertoire. Matinees Wednesday and Saturday.

New York City Opera: Plagued by a strike during its first summer season, when it resumes performances the company can be expected to take up its schedule this week with *The Magic Flute*, *Tosca*, *Madame Butterfly*, *La Bohème* and *Lucia di Lammermoor* but a precautionary phone call would be in order. New York State Theater, Lincoln Center (970.5570).

Washington: The Mother of Us All: The Music Theatre Group's first American production is concluding the Gertrude Stein/Virginia Thomson opera directed by Stanley Silverman. Wolf Trap (Venue Virginia, 709.938.2404).

Chicago: Hubbard Street Dance Company: A Chicago favourite combines classical training with Broadway-style choreography in an exuberant all-American mixed fortnight's programme, *Ravina Festival*, Highland Park (433.0800).

West Germany: Berlin Deutsche Oper: The new season opens with *The Magic Flute*. Carlo del Re as Queen of the Night. The Merry Wives of Windsor has Lucia Peacock as Mrs. Fluth. Lucia convinces thanks to brilliant soprano Karer Armstrong in the title role. Die Fledermaus has fine interpretations by Kristina Laki and Barry Madanell (34381).

Hamburg Staatsoper: The first week of performances has Madame Butterfly, sung in Italian. It is perfectly cast with Eugenio Moldovanu in the part of Cho-Cho-Sao and Ernesto Veronelli as Mr. Pinkerton. (331151).

Frankfurt Opera: Rosalind Ploverright does justice to the part of Amelia in *Un Ballo in Maschera*. It is conducted by the young American conductor Judith Sengul. Der Wildschütz.

August 19-25



Eugenia Moldovanu appears in *Madame Butterfly* in Hamburg

has a complete new cast with Tamar Rachut (Baroness) and Roland Hermann (Graf). Aida with a widely-praised cast, headed by Aurea Gomez in the title role, was revived triumphantly. Further performances are *My Fair Lady* and *Pariser Leben*. (25621).

Holland: Dutch Opera: An exhibition on its history from 1722 to 1980 is at the Netherlands Theatre Institute, Amsterdam, until October 17. It includes costumes, posters, photos and librettos. The opera's new season starts next month with *Lohegrin* at the Stadschouwburg, Amsterdam and the Circus Theatre, Scheveningen.

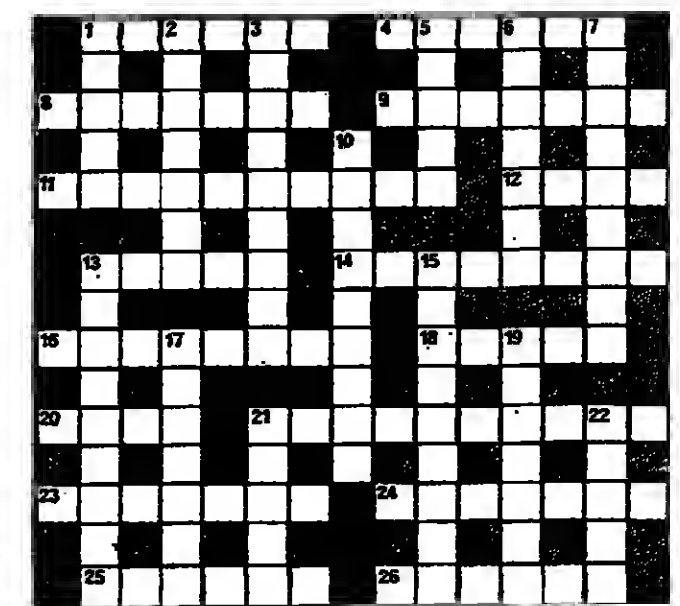
F.T. CROSSWORD
PUZZLE No. 5,198

ACROSS

- Go and join again (6)
- A form of entry (6)
- Learn reforming queen (7)
- He's associated with drowsy tots (7)
- He's expecting a hitch? (10)
- Change, excessively for cards (4)
- Publicity tipster's choice is reversed for this animal (5)
- Prince, he - UK card alternatively (8)
- Has one in drink. Highly resistant material (8)
- Painter - master getting sort of profit (5)
- Working sign from energy contribution (4)
- State of playing area in exciting cricket final? (5, 5)
- Slurs we hear in Middlesex (7)
- Sort of square bathed in a noise producing shock (7)
- The nursery's open in the daytime (6)
- At the back, like a bird (6)

DOWN

- Monarch giving certain line (5)
- Row after boy becomes understudy (5, 2)
- Rags? Not Rig could be silk fabric (8)
- In a short distance has a big difference (5)
- Having undergone hardship need universal Doctor, perhaps (7)



7 Plant in the main like a torpedo? (3, 4)

10 Blue service (5, 4)

13 Soft paper rug in charge of everyday business (9)

15 Consists of nothing in politician in turning-points (8)

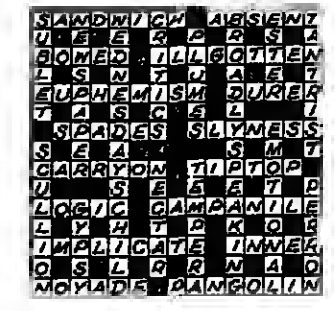
17 Moderate takes in one heathen (7)

19 Distasteful order in racket (7)

21 Most recent novel (5)

22 Churchman able to raise number (6)

Solution to Puzzle No. 5,197



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Tuesday August 23 1983

Funds for the IMF

THIS YEAR, next year, sometime never. That ultimate in well-seasoned issues, the idea that the International Monetary Fund might turn to the capital markets for finance, is receiving another airing. Once again there is news that the fund is courting a liquidity crisis. Once again there is speculation that the fund may have to borrow from sources other than governments to get round it. And once again inquiry reveals that some of the fund's most important member nations are routinely opposed to the idea.

By its own cautious accounting norms the fund is, indeed, rather stretched at the moment. On one hand, its recent burst of activity in helping to avert a global banking crisis led to a substantial increase in its lending commitments. On the other, the fund's own accounting norms, the IMF's basic source of funds—agreed in principle by the membership last February, will not become available until early next year, assuming there are no further hitches from a reluctant U.S. Congress.

Reluctant

Meanwhile, direct borrowing from member nations—the fund's secondary source of hard currencies—has proved together this year. Saudi Arabia, which has provided the bulk of the IMF's additional resources so far in the 1980s, is reluctant to continue the flow at a time when the softness of the oil market is obliging it to cut expenditure at home.

True, the fund's General Arrangements to Borrow from major industrial countries were boosted in January from roughly \$7bn to \$18bn but this increase, too, will not come into effect until early next year and it is not at all clear that the IMF can use the GAB to fund an increase in the normal level of its activities. The fund is attached to the revamped GAB require "the existence of an exceptional situation associated with balance of payments problems of a character or aggregate size that could threaten the stability of the international monetary system." This implies that the GAB is a safety net rather than a permanent source of hard currency.

Abstract

For the moment the IMF is stretched only in rather abstract fashion. It is in the matter of commitment—the IMF knowing that it is committed to lend and should therefore pin down sources of money—rather than at the level of disbursements that a gap exists. Even this gap, predicted to be \$6.5bn at the end of this year, presupposes that various IMF norms on the pattern of its funding and the degree of its liquidity remain sacrosanct.

It is going to take more than this—nothing short of a tangible shortage of cash under pressing circumstances—to bring the fund to the market. For the moment, the large industrial countries are set to join forces, with Saudi Arabia, to bridge the "commitment gap" with another loan facility of around \$6bn. This will probably be distinct from the programmed enlargement of the GAB.

So, once again, industrial countries are demonstrating their unwillingness to see the original character of the fund distorted. The IMF is a cooperative of governments pooling resources to provide short-term assistance to the member in critical balance of payments difficulties.

Bridging

Whether it is desirable or not, events have already undermined this concept of the fund. When, last year, the fund took the lead in sorting out the excesses of international bank debt, it had to lend large sums of money for periods of indefinite length. Will such loans be repaid on schedule in the old co-operative way? Or will the way for a much larger refinancing programme this autumn, including the raising of over \$6bn in fresh loans.

But the domestic political price for the new austerity package may be very high. Discontent over the economic medicine Brazil is having to swallow is already running high. Unemployed workers rioted in São Paulo last May and since then there has been a rash of public sector strikes, culminating in an attempted one day national stoppage last month.

Further trouble could place a question-mark over the future of the "political liberalisation" programme by the military Government known as "abertura". This has already led to the election of a new Congress which itself has been sharply scaled back by the IMF-imposed restrictions.

INTERNATIONAL EFFORTS to rescue Brazil from its \$90bn foreign debt crisis seem poised to enter a delicate new phase—one which could place severe strains on the country's social and political fabric.

After two months of tough negotiations, the Government has now reached outline agreement with the International Monetary Fund on a revised programme of economic re-employment for the next two years.

But even at this late stage there are signs—notably the hurried weekend visit to Paris of St. Delim Netto, the Planning Minister—that Brazil may still be anxious to soften some of the IMF's conditions.

The deal—which is unlikely to get final IMF approval before October—is expected to have two principal effects on the debt crisis:

● Most immediately, it could give the green light for the release of nearly \$1.1bn of international bank loans to the Brazilian Government. May when the country failed to meet the terms of an economic programme agreed with the IMF in February. Additional frozen IMF funds would be released once the package was formally approved.

This would help alleviate the country's acute liquidity crisis: since May Brazil's only hard currency receipts have been from exports—mostly raw materials—to meet its interest payments and current account deficit.

● The deal could also pave the way for a much larger refinancing programme this autumn, including the raising of over \$6bn in fresh loans.

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Further trouble could place a question-mark over the future of the "political liberalisation" programme by the military Government known as "abertura". This has already led to the election of a new Congress which itself has been sharply scaled back by the IMF-imposed restrictions.

The new IMF programme includes sharp reductions in inflation, the public sector deficit and the balance of payments current account deficit.

The centre-piece is new salary legislation which would restrict wage rises in both public and private sectors to 80 per cent of the official inflation index, meaning a big drop in real earnings.

The legislation has now gone before Congress and is seen as vital for the Government's credibility in delivering on other parts of the IMF package.

Given Brazil's failure to honour the February IMF

agreement, bankers and the Fund will want to be assured of the wage legislation's implementation before unlocking frozen funds and providing new ones.

Opposition to the Bill—the first IMF-inspired measure seriously to hurt the man in the street—is almost universal, in and out of Congress. But with so much at stake—saving Brazil from an uncontrolled, chaotic halt to payments on its external debt—the military are making clear they do not intend to allow the niceties of democratic procedures to get in the way of the legislation.

The Bill "will get through Congress" one way or another, General Rubem Ludwig, the chief military aide of President José Figueiredo, said grimly a few days ago.

The danger is that Congress's new stand on its traditional prerogatives, in dispute for most of the past 19 years' military rule, could turn the issue, along with that of the IMF agreements as a whole, into a constitutional crisis.

"The main difference between the Brazilian and the Mexican crises," a top Brazilian banker said, "is that in their case the political framework was known and sound. Our changes are being attempted on shifting political sands."

Gen Figueiredo himself is currently convalescing from heart surgery in the U.S.—his second such operation within a year—and there are fears he may retire because of ill-health before his six-year term of office ends in 1988.

No obvious successor has emerged, let alone a satisfactory candidate of uniting the country or providing fresh leadership.

Opinions vary as to the military's likely response to a worsening of the political climate. Many believe that the gradual political liberalisation

process could be shelved.

But others, on both the Left and the Right, argue that the generals are so demoralised—and so anxious to extract themselves from the economic morass—that there could be a speeding up of the political timetable under which congressional elections were held last year and a presidential poll is due in 1985.

Opposition parties are convinced that the Government will soon have to reach a national accord with them over much fuller debt renegotiations, designed to give the country a breathing space. For its part, the PMDB, the main opposition party, is demanding a three-year moratorium.

Nevertheless, the fact that the Government and the IMF have

managed to lay the groundwork for any debt renegotiation is a considerable achievement. Only two months ago Brazil and its creditors were locked in dispute over the measures.

The impasse was broken by two events. Firstly, the Bank for International Settlements refused a further extension of a loan repayment falling due. Secondly, M. Jacques de Larosière, the IMF managing director, sent a team back to Brasília to discuss tougher medicine with Sr Antonio Delim Netto.

In exchange for accepting that this year's inflation is likely to be in the 150-160 per cent range, the IMF is understood to have insisted on a very tough target of 70 per cent for 1984, though there are doubts

whether this target can be met in the present political climate.

The revised estimates for nominal GDP growth in 1983 and 1984 are now zero in each year, which means Brazil will have suffered four successive years of negative growth in real terms. Predictions from company analysts are even bleaker, with estimates ranging from nominal GDP declines of 2 to 4 per cent this year down to (in one extreme view) a minus 10 per cent next year.

The public sector deficit which, in the IMF's definition, stood at 16 per cent of GDP in 1982 is to be reduced by three-quarters in two annual stages by half this year and by half again by the end of 1984.

As for foreign trade, this

year's anticipated surplus of \$3.5bn, resulting largely from drastic cuts in imports, is to be raised to \$9bn for 1984. The 1983 current account deficit of \$7.5bn is expected to decline significantly.

The trouble is that the government is acting belatedly in a fast-deteriorating business climate. FIESP, the São Paulo Federation of Industry, estimates that in the first half of the year manufacturing industry output in the state, which accounts for 60 per cent of the national figure, declined by 4 per cent.

The number of companies defaulting on commercial bids is up sharply, as is the number having to seek court protection from bankruptcy.

Last month's failure of the

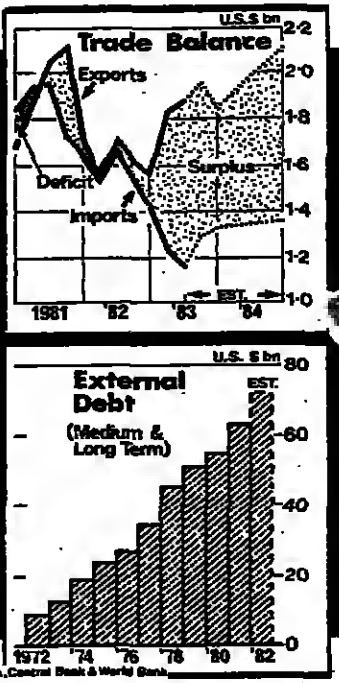
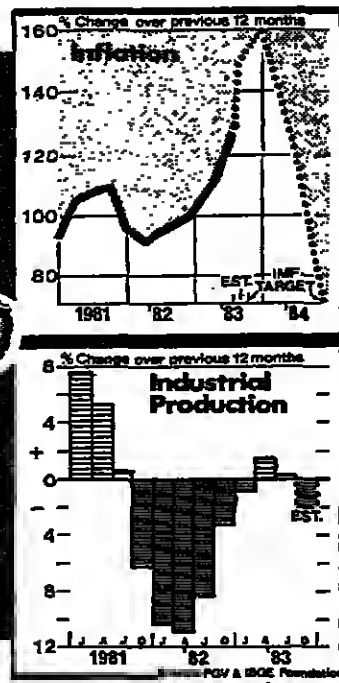
BRAZIL'S DEBT CRISIS

The IMF's fragile lifeline

By Andrew Whitley in Rio de Janeiro



Antonio Delim Netto



Jacques de Larosière

In addition, there is the question of repaying the balance of \$1.25bn left over from last year's commercial bank "bridge loans." But few bankers seriously expect this particular debt to be repaid in the near future with over \$20bn at risk.

This is all the unfinished business of Stage One of "Operation Rescue Brazil" now drawing to a close; the debris of a succession of ad hoc efforts to get to grips with the scale of Brazilian indebtedness, and come up with effective remedies.

Once the IMF Board gives the new package its expected approval some time in October, Stage Two can begin.

Externally, the goal will be to draw on the hard experience of the past nine months and weave together the bank creditors, the multilateral lending institutions, Western central banks and the IMF into a much tighter mesh than before.

Privately, Government officials and Western bankers already accept that debt principal repayments will not be made in 1984, and probably not in 1985 as well.

The real problem is over how to handle interest payments—currently running at twice the size of this year's anticipated trade surplus—without permitting the loans concerned to become "non-performing assets" on the books of the U.S. banks, the largest lenders to Brazil with over \$20bn at risk.

The latest estimate is that to the end of 1984 Brazil will need an additional \$9bn or more in foreign loans. The plan is for two-thirds of this sum to come from the international capital market and one-third from official institutions.

Among the official sources of funds, the Exim Bank loans large with a recently promised \$1.5bn in support of projects and contracts awarded to U.S. business. Commodity credits from the U.S., on similar lines to the funds made available to Mexico last year, are believed to be another possibility under consideration.

The World Bank, which has already doubled its lending to Brazil over the past 12 months, and the Inter-American Development Bank would also help out by disbursing funds more rapidly than normal.

But the bulk of the responsibility for helping Brazil survive intact on its present political and economic course will have to fall on the international banks, which once again will be under pressure from their governments to provide fresh funds.

The liquidity squeeze has shown up, inevitably, in mounting payment arrears: \$1.4bn by the last official count and privately Government officials admit to \$2bn.

Excluded from these figures, but still due to be paid on the delayed IMF funds come in, is the \$400m owed to the Bank for International Settlements since the end of May, and the next tranche of \$400m will be repaid at the end of this month.

The domestic political price for the new austerity package may be very high

Men & Matters

Rubber stamp

Captains of British industry will no doubt recall the rousing words of Sir Campbell Fraser earlier in the summer when he sent out invitations to meet at the exhibition, which is to be opened by Cecil Parkinson, Secretary for Trade and Industry.

"I feel sure that you will want to take this opportunity to position and to generate business here in the U.S.—this is the President of the CBI to 250 company chairmen and chief executives, having explained that the aim of the show is to put on display imported manufactured goods which big companies would buy in Britain if the terms were right."

It naturally came as something of a surprise to learn yesterday that Sir Campbell's own company Dunlop Holdings will not, in fact, be among those industrial giants such as GKN, Ferranti and Thorn EMI taking stands at the exhibition, which runs from September 26 to 28.

"If there was something wrong putting there we would do so," said a Dunlop public relations man rather hotly.

"We put three components on display at last year's exhibition but didn't get much response. I think somebody did tender for one of them."

Dunlop, of course, imports large quantities of raw materials—such as natural rubber—and a number of factored products—such as sports shoes. But their man pointed out that the number of imported components is "very small."

"As far as footwear goes I'm afraid people overseas seem to be able to make such things more competitively than companies in this country."

Fortunately other large UK businesses appear to be less deterred and though half of the 250 invited have failed even to acknowledge Sir Campbell's

appeal, a total of 55 have now agreed to take stands. An estimated £100m worth of engineering and other goods are currently expected to be on display at the exhibition, which is to be opened by Cecil Parkinson, Secretary for Trade and Industry.

Clean air

Smoking in Scandinavia is fast becoming one of those habits confined to consenting adults in the privacy of their own homes. In most public places, in offices, the platforms of underground stations and many restaurants—except in special sections—smokers could soon be facing a ban in the air.

For the whole of September, the Scandinavian airline SAS is conducting a test of no smoking flights between Stockholm and Oslo. Finnair, the Finnish state airline, is already one step ahead with a ban on smoking on its domestic flights.

"There is pressure from the anti-smoking lobby," admitted John Herbert, SAS's information director. All 450 flights between the Swedish and Norwegian capitals will be subject to the smoking ban.

SAS conducted a similar experiment in December 1981, but had to abandon the idea when it realised it could lose more passengers than it could gain. "We feel there could be a requirement now in our home market," says Herbert, "but the first trial did not give a message. There were too many smokers who would not be another carrier if they had the chance."

Since its last experiment SAS has pursued the idea with enthusiasm. The airline is a general ban on smoking on short-haul flights in Europe to members of the Association of European Airlines, but without success.

The Stockholm-Oslo flight has

been selected for the test because the flight time is only 45 minutes and about 90 per cent of the passengers on the flight are Scandinavians. Herbert admits that on flights like Copenhagen-Hamburg, SAS would be unlikely to ban smoking unless Lufthansa followed suit.

In the meantime SAS is developing new computer programmes to improve the division of seats on its European flights between smokers and non-smokers. And it is also installing manual switches for cabin staff to switch on the no-smoking signs if they see the cabin air is deteriorating because of heavy smoking. Normally the non-smoking sign is coupled to the operation of the landing gear.

French life

The French Government, already at odds with President Reagan over Chad and the dollar, can hardly be amused at the latest jaundiced report on life in France to emerge from Washington. According to a letter sent to 300,000 party faithful in the U.S. by Republican fund raisers, French life has become a "nightmare" and citizens find it "almost as difficult to leave the country" as people in the Soviet Union.

Republican treasurer Robert Perkins, waxing forebodingly over tear-gas and siege conditions in Paris, and the bankrupt state of the French economy, predicted that similar ills could affect Americans if they vote Democrat in 1984.

A group of Republicans living in France, presumably in comfort, yesterday announced their anxiety to correct the poor impression by saying that life was a nightmare. This gesture is unlikely to dampen the ire in the Elysée since the Republicans in Washington underline the fact that the White House is always kept informed of their

promotional campaigns. President Mitterrand must be hoping that the thousands of American tourists in Paris this summer, 40 per cent up from last year, and living it up on the strength of the dollar, will balance the account by voting Democrat.

Undermined

The Mining Club, it seems, has reached rock bottom. One of the few remaining male luncheon clubs in the City, it is now faced with the threat of closure.

Membership of the club, founded 75 years ago and located in the basement (where else?) of No 3 London Wall, was originally restricted to the mining industry. But for the last 30 years, it has catered more for stockbrokers, accountants and solicitors.

Numbers have declined, however. There are only some 200 members—half the total in its heyday—and only 30 or 40 use the facilities regularly. President Cyril Dashwood and his committee reckon the club needs 60 people at its tables every day to break even.

Members have been called to a meeting on August 31 to discuss ways of saving the club from going under.

New angle

From a Sussex ratepayers' bulletin: "Councillor—, who is retiring for health reasons, came to this town as a young man in 1933 and laid the foundations of his successful coaching business by buying a charabanc and making a corner in circular tours."

Out of place

Siberia—a steppe in the wrong direction.

Observer

Many happy returns



Offer a loyal toast with Heidsieck Dry Monopole Champagne and Bouchard Aîné wines

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A warning from the weatherman

WHEN the weather is good, there are very few complaints about weather forecasting; so nobody is likely to challenge the authority of Sir John Mason, head of the Meteorological Office, when in his presidential address to the British Association he offers some comments on other forms of forecasting and economic forecasting in particular. On the other hand, the flood of complaints about economic forecasting seems to have receded since we began to enjoy some sort of economic recovery—though the recovery is so far behind its forecast date that Mrs Sylvia Ostry, of the OECD, confessed at a recent conference that it might be described as "déjà prévu."

Sir John would have made bigger headlines last year.

Estimates

Economic forecasting must indeed look pretty squallid as viewed from the Met Office. Weather forecasts are based on accepted scientific laws; economic forecasting equations might be described as prejudice tempered by experience. The weathermen have up-to-the-minute facts on which to base their calculations—a third of a million observations every 12 hours. Economists work with official statistics some weeks behind the event which are themselves only estimates, and subject to revision.

Weathermen can rely on the succession of the seasons and the rising and setting of the sun; economists still debate the timing and cause of the various cycles, agreeing only that they are of irregular length.

In all these circumstances it is amazing that economic forecasting "works" at all, and some forecasters modestly

question this, pointing out that their performance is often no better than could be achieved by drawing graphs on log paper with a ruler. Certainly few would question Sir John's assertion that their output should be treated with caution—especially since forecasts can have an effect on the economy itself. Weathermen may possibly envy them here.

What Sir John fears is that those who take actual decisions will be so impressed by the technology of forecasting—the bundles of equations, the streams of computer print-out—that they will get delusions of grandeur, believing that they can see and control the future. There may have been times when this was indeed a danger, and there are still a few hucksters, commentators and even academics who are starry-eyed about forecasting. However, such illusions seldom survive in office for long, and the present Government seems never to have held them at all.

Prejudices

Indeed, the danger with the right-wing revivalists in power here and in the U.S. is rather the opposite. Believing that Government is powerless to influence the development of the system as it is, they tend to hold strong prejudices about how the balance of policies, such as the large rise in unemployment, as something they can deplore but cannot influence. On the other hand they hold strong prejudices about how the balance of policies and incentives can influence conditions for better performance; so when the tide turns in its usual unpredictable way they are ready to take credit. Canute knew better.

Letters to the Editor

New approach to training

From the Group Training Director, Aylesbury Industrial Group Training Centre

Sir—It was with much interest I read your editorial of August 17 in respect of the new youth training scheme. Sadly once again the article mentions job prospects for young people on the scheme without much hope. I say there are many prospects for those who are on the right scheme in a proper environment.

You also make a statement: "It is possible that the treatment of YTS entrants, in whom the employer has no direct investment of his own, will be kept artificially separate from that of 'normal' apprentices or other trainees." I would suggest a good look is taken at group training schemes throughout the country where over the past 17 years many young people have been trained to standards far above those of the investment of these schemes has been made by employers and employer resources alone. Many of these schemes will go on of business by Christmas because of the training of the youth training scheme, and if these places are lost they will never be replaced.

Many young people are being attracted to return to school and other to go to college or further education for their training on the youth training scheme. The youngsters who return to school give away their opportunity of job prospects because for the simple reason



that when they leave school at the age of 17 they are either not suitably qualified to go on to university, or have missed the boat, as far as skilled training is concerned. Those youngsters who attend youth training schemes at colleges of further education are in no way being trained in an industrial environment and many employers and these youngsters are not motivated.

I would say that the training to standards which both the government and the trade unions are looking for should be carried out in and by group training associations. I consider the youth training scheme an excellent challenge for all young people who leave school,

and leave school they must if they are not academically minded. For many youngsters time is being wasted by returning to 6th forms in secondary modern schools, or 6th forms in comprehensive schools where courses are not geared for university entrants.

If the country thinks the educationalists should run the youth training scheme, I would suggest that the ministers concerned just raise the school leaving age to 18.

Don't put training in the hands of the educational authorities. W. E. C. Woods, Gatehouse Close, Aylesbury, Bucks.

Selling houses to tenants

From Miss B. North, Sir—Selling houses to tenants is a huge and complicated subject, but if Mr Cole (August 18) were to do a little more research, he would find that considered solely from the point of view of the ratepayers they would be far better off if as many council properties as possible were sold off.

Has he any idea how much it costs to service the loans for building the properties, to maintain and repair them, and administer the housing rate? Add to this rent arrears and the facts that the properties are not let at economic rents and not all the occupiers pay full rates (though the reasons for this may be good) and it is perfectly obvious that the ratepayers would be relieved of a considerable burden.

As a Christian country we are, and should be, committed to caring for those who cannot help themselves—but we should not undermine and belittle those who can and wish to. Miss B. North, 21 Trinity Church Square, S.E.1.

Multi-skilled tradesmen

From Michael Cross Sir—There are two points I think should be added to the article concerning multi-skilled tradesmen (August 17). First, with multi-skilling goes increased self-supervision and discipline. There is a tendency to move payment from a "for skills used" to a "for skills known and to be learnt", i.e. payment for potential.

Both of these points are directly to union claims for payment for enhanced skills upon a graded structure. Michael Cross, 1820, Kew Road, Richmond, Surrey.

Changing work patterns

From R. J. Pearce Sir—I was interested in the article by Brian Groom and David Goodhart about Britain's changing work patterns (August 17). In the course of my work I interview many people and the situation at work appears to have substantially changed with the balance of power now firmly with the employers. To give you some examples:

A work force in a small engineering company was asked to work through the night to meet deadlines. A draughtsman was told that he had to complete drawings by a certain time and if he could not do so then the firm would recruit someone else to do the work. My contact kept his job but had to work until 1 and 2 am to complete the drawings on time.

A young graduate being recruited as a trainee management consultant was told that unless she was prepared to work a lot of overtime and weekends she would not be offered the post.

I wonder why this state of affairs now exists and is this general? Part of the answer I suspect, is a re-action to trade union power in the 1960s and 1970s and possibly employers are reluctant to take on new recruits who are not used to working long hours. Employment Protection legislation. One thing is certain, unemployment could be reduced if overtime was drastically curtailed.

J. P. Pearce, 5 Marlborough Road, Castle Bromwich, Birmingham, 11.

Australia's Prime Minister

The battling larrikin

By Michael Thompson-Noel in Sydney

Mr Bob Hawke (right) "still doesn't know whether he wants to be a mate or a saint"; observers in the past month have noted the return of the clenched fist.



HE HAS been called a larrikin, a battler, a sportsman and a joker, as well as "everyone's best mate." From pub to parliament, from cricket ground to boardroom, he is the authentic expression of everything Australian.

The Queen likes him, and so does President Ronald Reagan. On his home territory—from Melbourne to Wollongong to the most fly-blown corner of the outback—he is part messiah, part republican king.

But Mr Bob Hawke, whose Australian Labor Party (ALP) swept to power in March this year, sees himself as a conciliator and peace-bringer whose divine mission is to break the mould of Australian politics in such a way as to eradicate the "divisiveness and unbridled pursuit of self-interest" that he says has held Australia down.

So often does Mr Hawke harp on the need for healing and a sense of common purpose that the toast of the glitterati in Sydney this winter was an oenophile who said the red lights of Kings Cross, called "a night of national reconciliation."

After almost six months in office as sixth of his maximum first term, how is Mr Hawke faring? The answer will become clearer today when Labor presents its first full budget, though on several fronts the style of his Government has already become apparent.

Mr Hawke's first success was at the national economic summit meeting in Parliament in April, where the Government won the employers' endorsement of Labor's economic accord with the Australian Council of Trade Unions (ACTU). In a chamber that has been known to reverberate in cries of "Sit down, you mug," Mr Hawke's left wing and its brand of spasm-free could work spectacularly.

The Government re-committed itself to refuting the economy. The unions sat demurely, and accepted the need for wage restraint, at least at present. The captains of industry (looking vaguely shell-shocked) embraced dividend restraint and a return to centralised wage-fixing on an indexed basis. The only disaster was Mr John Bjelke-Petersen, Queensland's autocratic National Party Premier, who said Queensland would not endorse Labor's "blank cheque" approach.

Equally successful was a forged good relations with

world tour that took Mr Hawke to Asia, Europe, and the U.S., and was used to demolish the "Mitterrand factor"—the belief (1) had some currency on Wall Street, and more in Washington—that Mr Hawke's government was rabidly socialist, and likely to prove a lineal descendant of the Whitlam Government which was sacked in 1975.

The extent to which Mr Hawke's U.S. fears can be measured by the weight of U.S. money that has fuelled the recent stock market boom Down Under. Sair's New York brook: "He came across well. Hawke has convinced people they are not seeing the French experience all over again, which scared U.S. investors." President Reagan said: "We have much in common."

On home soil, Mr Hawke rounded on the left wing of his own party, which had criticised him for straying from the official party line. On foreign affairs the left wants an end to military aid to Indonesia, because of its annexation of East Timor. But Mr Hawke said: "What we are ultimately concerned with in East Timor is the humanitarian interests of the people of that area"—a remark that mixed compassion with pragmatism in exactly the Hawke style.

Mr Hawke maintains it is crucial for Australia to develop productive relations with the ASEAN bloc (Indonesia, Malaysia, the Philippines, Singapore and Thailand). That the credibility of its foreign policy would be seriously diminished unless it forged good relations with

ASEAN's most powerful member, Indonesia, he said.

To date, Mr Hawke has managed to suppress left wing opposition to the mining of uranium, whose export earnings in 1982 were \$415m (\$241m).

Although Mr Hawke has threatened to suspend shipments of uranium to France unless France bans its underground nuclear testing at Mururoa atoll, in the South Pacific, ALP policy goes much further, calling for a "total, unequivocal commitment to phase out Australia's involvement in the uranium industry."

A firm statement of the Hawke Government's stand on uranium is still awaited—as it is on other issues, from foreign investment policy to the overhaul of the country's financial system.

Mr Hawke's most crucial task is to convince the left, and the unions, that he is ready to move fast in refuting the economy and lowering unemployment, for his key election pledge was a promise to create 500,000 new jobs by 1986, and restore a 5 per cent growth rate.

Unemployment is at present 10.3 per cent, and the inflation rate 11.2 per cent (though expected to fall to 8 per cent or less next year).

Some of the signs are good, however: the trade deficit in 1982-83 fell from \$33.3bn to \$27.2bn, capital inflow was \$38.9bn, and there was a balance of payments surplus of \$52.4bn. The country's worst-ever drought is over. Interest rates have fallen, with a lowering in the prime rate to 14.5 per cent. The local dollar is re-appreciating

against the U.S. dollar. Growth is recovering, though hampered by a substantial decline in private capital investment and relatively slow growth in consumer spending. And, if surging share prices are a guide, a resumption of the faded Australian "resources boom" is moving into view.

Mr Hawke has said the budget will be "expansionary by any measure," claiming it will mark a watershed between past years of stagnation and future years of growth.

The ALP left had clamoured for a 1983-84 budget deficit of \$10bn-plus. What it will get is approximately \$8.5bn, about 5 per cent of prospective GDP. This is the highest ratio ever, though Mr Hawke has cautioned that "substantial financial leeway" in the near future must be accompanied by measures to haul in the structural budget deficit as recovery proceeds.

For instance, today's budget, Australians are pondering once more the nature of the man who in March virtually bulldozed the political map of Australia.

Observers claim Mr Hawke "still doesn't know whether he wants to be a mate or a saint," and say that in the last month there has been a return of the clenched fist, even though he tries to suppress his urge to be aggressive.

When he gave up drinking, Mr Hawke said of his former love: "I embraced Churchill's observation: I've taken more out of grog than I have taken out of me... I loved it, but I knew what the misuses were, and I just had to admit to them."

Yet four years ago, it was said of Mr Hawke that he lacked "the one characteristic by which all his other brilliances are reduced to histrionics or mere charm—it is the quality in leaders, which Churchill called mettle."

Churchillian or not, Mr Hawke is now warming to his mission.

Economies in the Health Service

From the chairman of West Lombeh Health Authority

Sir—On what basis does Mr Penwell (August 17) claim that "administrators in the Health Service are left to make the economies?" The structure of the National Health Service ensures that all decisions are reached by management teams in which GPs, consultants and nurses are just as much involved as the Finance Officer and Administrator.

Furthermore, the decisions of the management teams are already supervised by an independent authority—it is called the District Health Authority—and a chairman of such authority can assure Mr Penwell that the majority of members are from outside the National Health Service and they examine all proposals in detail and from a strongly independent position.

At the same time, I have to reject blanket assertions that administration is "top heavy

and overmanned." A recurring theme at meetings of health authority chairmen is the need for more, better paid, higher calibre managers in the administration function. I am firmly convinced that savings in many areas of the National Health Service could be achieved, or at least achieved more easily and more quickly, if the calibre of the management for all positions could be improved.

I am fortunate in being chairman of a district which includes a prestige teaching hospital whose excellence itself enables us to attract first-class management. Even so, as someone whose previous experience has been entirely in private industry, I am amazed at the low salaries paid for management positions which are, by any standards, very large and demanding.

Less fortunate districts find National Health Service pay scales make it impossible to attract individuals of the necessary skills and experience from industry and commerce. Lack of adequate management does not help to improve efficiency.

As for Mr Lewis's view (August 19) that the growth of administration has been more difficult, when I ask those directly involved with patient care what they need to make their jobs more effective, I am struck by the need for more secretarial help, improved computer facilities, better service from stores and supplies, higher standards of maintenance and for other services that fall within the definition of administration.

There are many economies and improvements that can and are being made in the National Health Service, but it is far too facile to believe that the answer is to try to attack "administration."

L. D. Cowan, St Thomas's Hospital, Lombeth Palace Road, London SE1.

There is another problem for the Chancellor. Although he has declared that it is a "simple fact" that the PSBR, the money supply and interest rates are closely related, Lord Kador has shown that the correlation coefficient between the PSBR and the money supply in 1970-79 was zero. The Chancellor's "simple fact" is no more than a fairy tale.

Even if the EM3 figure (or some other monetary indicator) could be relied on as the basis of Government policy, it would still not provide any argument for cutting public expenditure in an already depressed economy. The arguments for that course, such as they are, appear to be political rather than economic.

Bryan Gould, House of Commons, London SW1.

Over-funding and the M3 figures

From Mr Bryon Gould, Labour MP for Dagenham

Sir—I am grateful to Mr Wood of Buckmaster and Moore (Letters, August 13) for his support for my contention that the Bank of England's policy of "over-funding" and then recycling the surplus money back to the private sector through the purchase of commercial bills has substantially distorted, not to say falsified, the EM3 figures.

Mr Wood and I part company, however, in the conclusions we draw from this. He argues that the distortion is artificial, and that the EM3 figure means that monetary policy should be even tighter than it is, and that the Chancellor would be justified in cutting even greater cuts in public expenditure.

The conclusion as to monetary policy generally would certainly follow (at least to a

monetarist) if the distortion of the monetary figures had been accidental or inadvertent. But the essence of my argument is that the distortion is deliberate. It is a deliberate policy which has circumvented its own monetary controls and which has artificially depressed the EM3 figures.

Monetary targets either matter or they do not. If for the purposes of engineering a disguised (pre-election) relaxation of monetary policy, the Government has reduced its monetary targets to the status of a shibboleth, why should we take any notice of them when the Chancellor tries to give them new substance as the rationale for public expenditure cuts? In depriving the EM3 figure of accuracy, the Government has inevitably, in terms of its own monetarist theories, deprived it of significance as well.

There is another problem for the Chancellor. Although he has declared that it is a "simple fact" that the PSBR, the money supply and interest rates are closely related, Lord Kador has shown that the correlation coefficient between the PSBR and the money supply in 1970-79 was zero. The Chancellor's "simple fact" is no more than a fairy tale.

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Bryan Gould, House of Commons, London SW1.

Valuations of life

From Mr A. Morin Broome's

attack (August 17) on using economists' valuations of life as the basis for government decisions contains two main strands, on both of which I should like to comment.

The first is that there are unsolved (moral) problems in deciding the relative weights to be given to different people's interests. After a brief survey of income differences, his examples concentrate on those currently alive versus those yet unborn and even possibly never to be born. Although he has raised a serious problem, it is a much more general one. It applies, for example, to the relative weight to be given to consumption benefits accruing to future generations as well as to decisions involving how much to spend on saving life.

Dr Broome is right to condemn an unthinking blanket application of a single number to all eventualities as if it were unproblematic. However, this does not discredit every use of the monetary valuation of life-saving projects, unless we can avoid making any decisions on any kind of project which affects more than one person, which we cannot.

The second strand in his attack is that it is illegitimate to

value life by looking at how much compensation people want for undertaking risky activities, or how much they will pay for a reduction in risk. I have discussed the issue at greater length elsewhere (The Three Banks Review, June 1983), but in the space available here I can only stress that the predominant economists' approach does not claim that "whether I become a stereotypical... indicate(s) the monetary value I set on my life." The use of the phrase "value of life" in the modern literature is a carryover of language from earlier concepts.

What is claimed is that research shows that people earn more in dangerous jobs than they would in other jobs available to them and that this extra money may be viewed as the compensation required for the greater danger of death and disability. It does not seem unreasonable to base public decisions about reducing the risk of fatal accidents on the amounts that people privately spend on improving the safety of their cars or that they sacrifice for safer jobs.

A. Morin, Lecturer in Economics, Houghton Street, WC2.

Risking service charges

From Isabel Alvarez

Sir—Like the Director (Residential) of the British Property Federation (August 11), I consider the forced sale of property, whether public or private, and especially at an imposed discount, immoral. With regard to the enhancement of flats it would be pointless.

Even if the tenants of a block—rent payers as well as leaseholders—were willing and able to purchase the freehold, which is highly unlikely, this would not in itself help them. Leaseholders are not troubled by ground rents. These are fixed in the lease and budgeted for. It is a service charge that leaps up year after year like a hot air balloon, carrying the tenants beyond their means—totally without assurance even of the services and repairs that they are paying for—that endangers them.

The joker in the deal for long leaseholders of flats is what appears to be the insupportable right of the landlord to appoint the managing agents for the block. The agents are therefore bound in glove with the landlord and completely indifferent to the needs and wishes

of the tenants. Even if management is caught right out charging for services that residents don't get in any manner shape or form, the landlord wins. He simply appoints another of his string of managing agents, and the service charges continue to rise in the same unreasonable way.

Those who have never been in the position of flat leaseholders may think that I am exaggerating the problem. The Housing Act (1980) affords flat leaseholders good protection, but it provides no practicable redress.

What in my view would help and would certainly make for a more equitable balance between landlord and tenant would be a right of the tenants to get rid of a managing agent after a year or two if he did not give satisfaction, and appoint a managing agent of their own choice. The agent would then have every reason to consider the tenants, and it could well be that there would then be no need to get rid of the landlord's agents.

Isabel Alvarez, 6 Abbey Court, Abbey Road, NW8.

Communication and pay-round preparedness

From Rowena Mills

Sir—Your headline "Slowest pay rate rise for 16 years still outpaces prices" brings home the urgent need to improve communications between management and workers as talks on the forthcoming pay round commence. A hard winter of pay bargaining has already been predicted, and there seems little doubt that any evidence of an

upturn in the economy is likely to encourage union leaders to try and demonstrate to their members that in spite of a relatively low pay rises during the recession, they have not lost their power to demand higher increases.

Our competitiveness has certainly increased over the past two years. Foremost among the factors influencing this has been

the reduced level of labour cost per unit, resulting from the lower wage settlements combined with increased productivity. However, we still remain uncompetitive in many fields.

How many chief executives and their main board members actually go to the factory floor and explain simply and clearly the degree to which any reversal of our upward trend in

competitiveness would constitute a devastating threat to our jobs? At a time when our competitors are steadily improving their own cost structures and productivity? Only a tiny minority, I fear!

Rowena Mills, West Grays, Highercombe Road, Haslemere, Surrey.

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Western expatriates in exodus from the Gulf

BY KATHY EVANS IN KUWAIT

AN HISTORIC trend is beginning in the Gulf - more expatriates are leaving than coming in. In some areas such as Dubai, an exodus is under way, particularly of Western, mainly British, businessmen and their families.

For years, many states in the region experienced phenomenal growth in population - in Abu Dhabi, in 1976 alone, by as much as 30 per cent. The influx of foreigners and the strain placed on the region's culture and society was a continuing source of anxiety of governments. But now, public expenditure cutbacks as a result of lower oil income are stimulating the departure of thousands of foreigners.

Officials in the United Arab Emirates and Kuwait say that foreigners, both Arab and Western, are leaving in greater numbers than ever. In the UAE, a Planning Ministry report shows that for the first time the growth rate in the number of nationals was greater than that

of expatriates - 7.6 per cent as against 5.5 per cent a year.

In Kuwait, Labour Ministry officials say that 4,318 people left the country within the past three months. In Qatar, business estimates suggest that at least 1,000 British businessmen and their families have left the country since the spending cutbacks, and that the population may be shrinking by about 15 per cent.

In the UAE, local businessmen say that one factor in the current exodus is the Government's ban on foreigners changing jobs. Expatriates now have to spend a minimum of six months out of the country before returning for work. But the retrenchment in spending has caused private-sector companies to look hard at their costs, and frequently the most expensive item on the labour bill is Western expatriate managers. Most Western managerial staff enjoy high salaries, fully paid accommodation in luxurious villas,

and tickets home each year for the whole family.

These privileged foreigners are now being replaced by their Indian assistants, or alternatively not being replaced at all. Most companies are finding that such staff are simply too expensive to employ in the current economic climate.

Dubai has been especially hard hit. Not only is the Emirati re-export trade in the doldrums, but the Federal Government budget is not providing the cushion it used to. The delay in publication of the 1983 Budget also caused considerable strain for local trading and construction companies. When it was passed only two weeks ago, it carried a deficit of \$1.5bn and heralded yet another period of austerity.

Even the normally thriving city of Abu Dhabi is experiencing retrenchments in thousands. A number of oil companies have pruned staff after the completion of big industrial and petrochemical projects. Not

even government jobs are proving secure. The Federal Government recently let nearly 1,000 teachers go.

About the only booming business at the moment is for the removal companies. One British company, Sootpac International, said it was currently moving out 140 British families a month from the UAE, an increase of 30 per cent on the year. In contrast, only five or six British citizens, usually without families, entered the country, mainly for lower supervisory engineering jobs. "Senior management seems to be leaving permanently. People are deserting the place," commented one company official.

Another U.S. removal company said it too was exceptionally busy, handling about one family a day. "Most of the traffic is going to the UK, though some is going to Bahrain and Oman where business is better," one official said.

A management recruitment com-

pany in Abu Dhabi, Lansdowne (Gulf) said many British expatriates had found themselves "on the skirts, even after years in the Gulf."

An Abu Dhabi manager, Mr Peter Reynolds, said: "A lot of administration managers have been got rid of. There have been definite repercussions on the employment scene because of the budget. British managers had been commanding perhaps 'unreasonable salaries' before, but the days of '78 are long over."

Currently, trading companies in the Gulf are attracting between 250 and 300 replies for every advertisement for the post of general manager placed in the London papers. For engineering positions, there are over 1,000 applications for every job. "But even some newly employed people are finding themselves being released shortly after arrival. The Gulf is not longer a secure job area," said the Lansdowne executive.

GE unit buys into aviation group

By Alan Friedman in London

A MAIN subsidiary of General Electric of the U.S. is paying \$15m for a 22.1 per cent stake in Guinness Peat Aviation (GPA), the Shannon-based aircraft finance group owned jointly by Guinness Peat, Aer Lingus and Air Canada.

The share subscription by General Electric Credit Corporation, which will dilute the stakes held by the other companies, should enhance prospects for a planned \$100m London Stock Exchange flotation, expected during the next 12 months.

The GE purchase will also help the Guinness Peat group to revalue its stake in the aviation company from its present £5.5m (\$9.5m) to about £12m. An eventual flotation of GPA might also help Guinness Peat to reduce further its group debt, which now stands at around \$40m.

The GE share purchase has been under discussion since last April and will help GPA to expand its aircraft trading, financing and leasing business. General Electric Credit Corporation is a diversified U.S. finance and leasing group which last year made a profit of \$205m. It has 134 aircraft in its leasing portfolio.

Guinness Peat Aviation was founded in 1975 by Guinness Peat and Aer Lingus. Mr Tony Ryan joined as head of GPA from Aer Lingus and remains a shareholder. Ahead of the deal Aer Lingus, Guinness Peat and Air Canada each held 23.3 per cent of GPA, with Mr Ryan holding a 12 per cent stake. The new shareholders, each of the four corporate shareholders a 22.1 per cent stake and leaves Mr Ryan with 9.2 per cent.

Morgan Grenfell is advising GPA on its plans for a public listing and flotation. Around 20 per cent of the company is likely to be offered to the public, but the flotation is not expected before the middle of next year.

Olivetti takes European lead

Continued from Page 1

revenues rose 10 per cent last year to \$9.7bn, accounting for 40 per cent of business by the top 25 manufacturers covered by the survey.

Like many other companies, IBM achieved its strongest growth last year with smaller products. The increase in its European revenues was smaller than the 18 per cent rise in its worldwide business.

Other manufacturers that improved their position in Europe last year include Burroughs and Wang of the U.S., Ericsson of Sweden and Nixdorf of West Germany.

Australia may drop tax cuts to contain deficit

BY MICHAEL THOMPSON-NOEL IN CANBERRA

AUSTRALIA'S Labor Government, in its first major budgetary decision, is likely to range on promises to cut taxes so that it can contain an expanding budget deficit.

Mr Paul Keating, the Treasurer, is expected to increase taxes on earnings and higher income wage earners and possibly raise taxes on alcohol, cigarettes and petrol to hold the budget deficit to \$28.5bn (\$7.5bn). This would represent about 1 per cent of likely 1983-84 gross domestic product and has been described as "expansionary by any measure," by Mr Bob Hawke, the Prime Minister.

Some trade unions as well as the Left of the Labor Party had called for a budget deficit in excess of \$10bn. The Government, however, has clearly felt it necessary to avoid

fueling inflation, now running at 11 per cent, particularly when unemployment is 10.3 per cent.

The projected budget deficit compares with one of \$45.5bn in 1982-83 against an original forecast by the former Liberal-National Party Government of \$1.7bn.

Mr Hawke in the run up to the budget blamed the large deficit on the policies of the former Government, which until it was defeated last March held power for seven years.

The Prime Minister had gone some way towards preparing the electorate for a tough budget by trying to reach agreement on a budget trim at a meeting last April between the Government, unions and employers.

Before he was elected Mr Hawke

promised tax cuts for all but the very rich, the creation of 500,000 jobs and a drop in the inflation rate. He has subsequently said that these goals will take more time to achieve.

Mr Keating is expected to paint an improved picture of the Australian economy, which is starting to benefit from higher mineral and commodity prices, the increase in world trade and the ending of the country's worst ever drought.

But a problem in the immediate term, as far as pulling out of recession is concerned, is the depression in new capital spending. In 1982-83 this is expected to fall by 25 per cent to \$11.1bn. The expected fall is most severe in manufacturing and mining.

The battling Prime Minister, Page 11

Economic models hit stormy weather

By David Fishlock, Science Editor, in London

COMPUTER MODELS of the economy are less reliable than those used to forecast the weather and should be kept for experimental use only, Britain's top meteorologist warned fellow scientists yesterday.

The economic models should be used to try out alternative courses of action and not relied upon for forecasts, Sir John Mason, director-general of Britain's Meteorological Office, said in his presidential address to the annual conference of the British Association for the Advancement of Science.

It was unreasonable to expect current computer models to provide "accurate predictions of either short-term fluctuations or very long-term developments far removed from the recent experience on which the models are built."

Meteorologists and economists both deal with highly complex, interactive, non-linear and strongly constrained systems. But the differences are "both fundamental and insurmountable," he said.

No fundamental laws comparable with the laws of thermodynamics exist in economics - "only empirical relationships which may hold for quite long periods in a particular economy but are not sufficiently stable or universal to qualify as laws."

Such economic relationships are established by fitting equations to historical data, "usually from inadequate records going back less than 25 years." Sir John said this approach had proved unreliable in producing weather forecasts for even a few days ahead. Weather forecasting now uses entirely new data every 12 hours.

In the absence of universal economic laws, the computer models were "very much creatures of their builders who may introduce relationships that express personal or political judgments."

It was one reason why different economic models often gave quite different predictions. "If they are to be acceptable and not just ignored by the policymaker, they must be based on some evidence to his requirements and are not therefore objective in the same sense as the weather forecast."

Another difference was that, whereas the weather forecast had no effect on the weather, "the economic forecast may well affect the economy."

All forecasts had to be capable of verification, Sir John said. Weather forecasts were checked daily against the weather itself, "so mistakes are quickly recognised and experience and understanding can be built up much more rapidly than in economics, where it may take months to verify a prediction."

Sir John acknowledged that economic prediction was more difficult than weather forecasting, for several reasons. Often the forecasters were predicting the residuals between two large quantities, each of which might be subject to considerable errors, as in the case of the balance of payments.

Media and markets tended to exaggerate the importance of small movements in the economic indicators, which had a destabilising effect.

Economic calculations and forecasts were made in monetary units with no fixed value. Unlike the weather, the economy was subject to the quirks of human behaviour. "These unquantifiable and unforeseen disturbances, amplified by speculation, loss of confidence and even panic, are liable to produce instability and make the management of an economic crisis much harder."

Both economic and weather forecasting models, because of random fluctuations in the system, progressively diverged from reality, and were also inherently unlikely to predict an unprecedented situation.

South African output falls sharply

Continued from Page 1

over a 12-month period, consumer prices increased at a rate of 12.4 per cent in June 1983, about 2½ times as high as the average for South Africa's seven main trading partners.

The report confirms that the M2 money supply measure increased from 17 per cent at the end of 1982 to 22 per cent in June 1983 - "a rate of increase which exceeded the rate of inflation by a substantial margin and was not consistent with the policy objective of moderating the continuing high rate of inflation."

Mr Harry Schwarz, finance spokesman for the parliamentary opposition Progressive Federal Party, said yesterday that South Africa was in its "worst economic position since the Great Depression."

The Reserve Bank points out that the current account surplus in the first half of this year was accompanied by a small overall new inflow of long-term capital. Substantial loans were raised abroad by both the public and the private sector. "But the larger part of this amount was offset by a considerable outflow of long-term capital, amounting to \$1.35bn, in the form of net sales by foreigners... after the gold price had declined sharply in late February and following the abolition of exchange control over non-residents in early February."

During the first six months of this year total net capital outflow was \$1.4bn, slightly larger than the seasonally unadjusted current account surplus for the period.

The Reserve Bank concludes that South Africa is still firmly in a downward phase of the business cycle.

IMF predicts marginal decline in bank lending

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

NEW international bank lending is likely to show a further marginal decline in 1983 after a sharp fall last year, according to an International Monetary Fund (IMF) staff study published yesterday.

The paper says that, while lending to the industrial and oil-exporting countries is expected to show some increase this year, net bank lending to the non-oil developing countries will fall short of the 1982 total of \$26bn - probably only reaching \$18bn to \$20bn in 1983.

The staff study says that while the level of total loan commitments in the first quarter of 1983, at \$19.3bn, was only slightly below that in the same quarter of 1982, about \$20.4bn, or almost half the total, was extended to Brazil and Mexico as part of debt restructuring arrangements.

"The otherwise substantial decline in the pace of new loan commitments, especially to non-oil developing countries, reflected the preference of international banks for curtailing medium-term syndicated sovereign lending in favour of

project-related and trade-related finance and loans organised through private placements," it says.

The sharp fall in 1982 brought the year's total down to \$95bn from \$185bn in 1981 and \$160bn in 1980, the paper says. It was the first decline since 1977.

Net 1982 lending to the industrial countries declined to \$37bn from \$99bn in 1981 and lending to the oil exporting developing countries rose from \$2bn in 1981 to \$6bn last year.

The study concludes that the prospects for future bank lending will depend more on the willingness of the banking system to intermediate internationally, in the face of heightened risk perceptions and concerns about bank capital adequacy, rather than on its ability to do so.

International Capital Markets: Developments and Prospects, 1983, occasional paper, No. 23. Publications, Box S-124, IMF, Washington, D.C. 20431, \$5.00 (\$3.00 for University libraries, faculty and students). Brazil's debt crisis, Page 10

Bayer profits improve

Continued from Page 1

revenue rose 3.3 per cent to DM 7.5bn.

Bayer said its business in West Germany had steadily picked up this year. While domestic sales were up 5.9 per cent in the first half, the increase was actually greater in the second quarter, which was 8.3 per cent up on the same period last year.

Although West Germany industrialists have been worried about trade prospects this year, Bayer noted that its export business was developing favourably. Exports in the second quarter were 4.9 per cent higher than in the same period a year ago, at which point they had begun to taper off.

Bayer said the boost in sales so

far this year had led to a greater utilisation of capacity. Combined with measures taken to keep costs down, this had lifted profits above the unsatisfactory level of a year ago.

The company said all major divisions improved their profits, with the exception of synthetic fibres and dyes.

Professor Herbert Grunewald, Bayer's chief executive, recently predicted sales revenue would increase considerably in the second half of this year, with the impetus coming from the U.S., Canada, the UK and Japan. He expected a marked improvement in annual profits, which, he said, would "naturally" lead to a higher dividend.

Dollar declines further

Continued from Page 1

playing a return to last summer's policy of edging interest rates down while sterling remains strong. The UK Government, along with most Europeans, will want to see a clearer trend for the dollar before taking any initiative.

At yesterday's London close, the dollar had retreated by about 4 per cent from its highest point against the D-Mark for nearly 10 years, the DM 2.7430 reached during August 11. Since the beginning of the year,

the dollar had gained more than 15 per cent against the D-Mark, while its trade-weighted value had risen by almost 10 per cent.

The underlying motive for this sustained buying of dollars has been the heavy interest-rate differential, favouring investment in the U.S. currency. The market has been convinced throughout this year that the enormous U.S. budget deficits projected for the coming years will ensure that U.S. interest rates remain relatively high.

THE LEX COLUMN

Why Irish eyes are smiling

The Irish punt is still some way short of becoming the next petrocurency and Irish oil tycoons have yet to become a potent force in London's luxury property market.

The streets of Dublin, on the other hand, now contain more than a terrace or two propping up second mortgages to finance share dealing in Atlantic Resources, Aran Energy and Bula Resources - and the capital gains showing on these three stocks and others over the last five weeks must already be strengthening links between Dublin's brokers and the Irish Revenue Commissioners.

Some of the capital gains were evidently being realised yesterday with Atlantic - which has a one-third stake in the promising Block 49/9 off the Waterford coast - dropping 65p to 400p. Rumours of a less than exciting fifth zone test on the present well offered a ready pretext for selling but appeared not to have seriously unsettled the faithful.

Everyone in Ireland knows that Gulf Oil, the well's operator, has notched up an aggregate flow rate of nearly 10,000 barrels a day from its first four zone tests. That suggests a commercial field even to investors with sore memories of an aborted Irish oil boom in 1980/1.

Assuming that the Irish Government were to take up its existing entitlement to a 50 per cent stake in the field, any oil found were to be worth \$5 a barrel in the ground on the basis of present crude prices and tax and royalty arrangements, and a \$1.50 exchange rate for the pound sterling, then last night's closing price for Atlantic implies a total capacity for the field of just less than 90m barrels.

This is far too small to have registered on the share price of Gulf or its other U.S. partner in the block, Union Oil, and it surely pales in comparison to most seismic forecasts travelling the bars of Ireland. Nevertheless the market's estimate

is compatible with the few known facts and points to a field which would merit commercial development.

Investors happy to accept all the provisos about its very existence, though, must also take account of the development risks of the field, ranging from the possibility of a stake dilution for future funding to the vagaries of the tax climate. Given these added worries, the Irish stocks at their higher levels have probably discounted anything less than a major discovery.

Argyll/ADP

Moral probity seems as strong a force in the proposed merger of Argyll and ADP as industrial logic. The two vehicles run by Mr James Gulliver and team clearly create potential conflicts of interest, which will now be eliminated.

Mr Gulliver has made no secret of his fondness for scale, and the merged entity will provide a larger platform for further acquisitions. More immediately, there should be some opportunity for the retail arm to lend a hand to ADP in obtaining penetrating for its drinks brands in the UK.

Quite apart from providing shelves in its own stores, Argyll may be able to persuade integrated drinks companies to stock ADP bottles in return for its outlets stocking theirs. Argyll is not a company to soft-pedal a bargaining advantage - as its creditors have already discovered.

The merger arithmetic - established by the market prices of the two companies - is elegant. In terms both of assets and prospective earnings ADP enters the merger at a premium, albeit a modest one.

The only sharp discrepancy emerges on the income front, where ADP shareholders enjoy an 118 per

cent uplift. This should be enough to soothe those holders who feel aggrieved at their overseas exposure being swamped by UK food retailing. Indeed, most shareholders must have seen their stock as an investment in the Gulliver team rather than specifically the U.S. drinks trade.

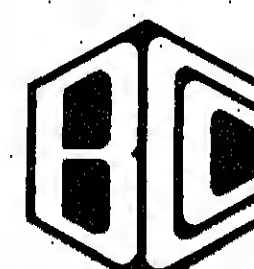
Moreover ADP shareholders have exchanged the looming prospect of a rights issue for access to a reliable cash cow in the shape of the supermarkets.

UK gilts

Like a good ice-cream salesman, the Government Broker rarely misses an opportunity to wheel out his van on a sunny day. No sooner had Friday's U.S. money supply figures brightened the skies over the gilt-edged market than the man in the white coat was out peddling his wares.

Yesterday, however, he set about his task with unusual urgency. The banking month has only just begun and he already has a good number of first orders. Yesterday saw a £30 call on the Treasury 8½ per cent 1988A stock, of which he has probably sold between £100 and £200m. Before the end of the month, £480m will be due on the Treasury 10 per cent Convertible 1988 so, if both yesterday's taplets sell out, official sales in the current month will total over £1bn.

After heavy sales in July and, so it appears, in August, some buyers may conclude that the state ice-cream company's weather service is anticipating a cold and gloomy autumn. That impression is endorsed by the range of goods on offer. There is now a flavour available for each sector of the conventional market and the man in the van seems anxious to sell very long blocks which, until recently, were reserved for private-sector vendors.



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PT 214

World Weather

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Algiers	25	84	20	France	25	80	66	Mohamed	25	82	Sofia	25	80
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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Tuesday August 23 1983

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Fiat invests \$170m in Brazilian operations

BY ANDREW WHITLEY IN RIO DE JANEIRO

FIAT SpA, the Italian vehicle manufacturer, is to increase its capital in its two loss-making Brazilian subsidiaries, Fiat Automoveis and FBM, by \$170m.

The capital injection is needed to meet planned investments for the Uno family of cars, to be launched in Brazil in the second half of 1984.

However, Fiat's Brazilian partner, the Minas Gerais state government, will not be participating in this latest capital increase for the smallest of Brazil's big five multinational vehicle manufacturers.

"How could the state government have subscribed \$40m?" asked Sr Amaro Lanari Junior, the Government-appointed president of Fiat Automoveis, following the company's decision. Minas Gerais has not fully met its share of two previous capital increases, in 1979 and 1982, and like most Brazilian states is in deep financial difficulties.

After 10 days of talks in Belo Horizonte, the Minas Gerais capital,

where the car plant is located, Fiat executives decided last Thursday to go ahead with the new increase.

Some \$100m is to be allocated to Fiat Automoveis and \$70m to FBM, which makes engine blocks and other vehicle parts. Before the increase Fiat Automoveis' capital was registered at Cr 145bn (\$222m).

Minas Gerais' refusal to participate means that its shareholding in the two joint venture companies will decline from approximately 40 per cent in Fiat Automoveis and 20 per cent in FBM to 20 per cent and 10 per cent respectively by the end of 1984, when the state is due to have caught up on earlier capital commitments.

The decision "reaffirms our confidence in the ability of the country to overcome its foreseeable difficulties," the company said.

In the first half of 1983 Fiat produced 73,000 vehicles in Brazil, compared with 185,500 in the whole of last year, according to ANFA-

VEA, the national vehicle manufacturers' association.

The Brazilian vehicle manufacturer ended 1982 with an accumulated loss of Cr 144bn (\$270m) at the exchange rate at the time. FBM was in the red to the tune of Cr 28bn (\$111m).

Fiat was able to reduce its losses significantly last year, largely due to its export programme of shipping built-up Brazilian cars back to its home market.

But with all its major competitors in Brazil launching new models this year, the Italian company clearly had little option but to go ahead with the Uno investment if it wanted to stay in Brazil. The Fiat decision is likely to be welcomed by the Brazilian Government, which has been forced progressively to scale down its estimates of foreign investment this year. Fiat's capital represents a third of the \$500m Brazil expects to be invested this year by foreign companies.

Recession hits Amic first-half earnings

By Our Johannesburg Correspondent

ANGLO American Industrial Corp (Amic), the industrial arm of the Anglo American group, was badly affected by South Africa's recession in the six months to June 30 1983. First-half turnover slid to R765m (\$688m) from R885m, and the trading profit dropped to R94.3m from R144.4m. The directors foresee no improvement in trading conditions until next year at the earliest.

The recession affected virtually all of the group's industrial interests, which include steel, ferro-alloy, paper, food, mining equipment and electronics.

The worst affected, however, was the troubled Sigma motor car manufacturing division. It has been hit with quality control difficulties, poor market acceptance and a high degree of management turnover and continues to generate losses at an annual rate of about R50m. In the half-year just ended Sigma generated yet another loss, which has not been charged against Amic's own profit in the consolidated accounts.

The directors say that consideration will be given at the year's end to making an additional provision against Amic's investment in the motor company.

The interim dividend remains unchanged at 55 cents, despite the fact first-half earnings dropped to 18.5 cents a share from 22.4 cents. In 1982 earnings totalled 418.6 cents a share from which dividends of 180 cents were distributed. The directors say that this year's second half is expected to result in earnings similar to those of the first half.

The move to reorganise AAP pre-dated the speculation of a float for Reuters, as did News Corp efforts to increase its presence at AAP. They also represented efforts to place the news service on a more commercial footing as it attempts to build itself into a mini-Reuters and to prevent the recently instituted Reuters dividend being soaked up as a general subsidy to the AAP news service.

However, the benefits of a clearly focused vehicle with a 13.6 per cent stake in Reuters are clear to all concerned, none more so than News Corp, which has an indirect 9 per cent stake in the London agency through its UK publishing interests.

ESAB profits decline 10% at midway

By David Brown in Stockholm

ESAB, the Swedish welding equipment group, has reported a 10 per cent decline in first half pre-tax profits to Skr 65m (\$8.4m). Sales rose 3 per cent to Skr 1.1bn compared with the same period a year ago.

Mr Kjell Johansson, group finance director, attributed the result to continuing weakness in most of the traditional markets. Demand for hand-operated welding machines and associated products continued to decline - in the case of Western Europe by 15 per cent, and in the U.S. and Brazil by 30 per cent. Foreign sales account for 90 per cent of the group total.

The group increased its market share with an acquisition and rationalisation programme, and maintained overall volumes. Market trends improved in the second quarter, particularly in the automatic and semi-automatic areas said Mr Johansson.

ESAB acquired the welding division of the British Oxygen Company in July. The new subsidiary, Murex Welding Products, had sales of £32m last year.

The group predicts that positive developments in the market will allow it to post a full profit near the Skr 180m achieved last year.

Mitsubishi loses A\$13.8m in six months

By Our Sydney Correspondent

MITSUBISHI Motors Australia made a A\$13.8m (\$12.08m) loss in the six months to June 30 after volume sales fell by 10.5 per cent, and turnover by 3.6 per cent to A\$273m. The loss compares with A\$1.15m profit in the corresponding first half of 1982, but is only A\$30,000 ahead of the loss incurred in the closing six months of last year.

The result was after interest charges more than trebled from A\$1.43m to A\$5.89m and depreciation provisions went up from A\$7.5m to A\$9.2m, both associated with the decision to produce a new model late last year.

The Mitsubishi result compares with the A\$10.23m deficit that Australian Motor Industries, half owned by Toyota, reported last week for its June 30 year after trimming its loss in the second half to A\$5.36m.

The 10.5 per cent drop in volume sales to 31,998 units for Mitsubishi came as overall industry new registrations were off by 10.9 per cent.

Mitsubishi yesterday said the latest forecasts indicated an overall 12 per cent decline in registrations for the industry in 1983 from the record 629,129 units of 1982 to 554,000.

In the half year just ended, Mitsubishi said depressed market conditions were compounded by continued widespread discounting, which was most evident in the 143 per cent drop in turnover to \$420m reported by AMI on its 4.9 per cent fall in volume.

Mexico sets payments on bank shareholdings

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government yesterday announced its first compensation payments for 11 of the 53 banks which were nationalised almost a year ago.

Shareholders in Bancomer, the largest bank, are to receive a total payment of 30,800 pesos (\$208.5m). Banamex, the second largest, 27,800 pesos and Banca Serfin, the third largest, 10,700 pesos. These three banks control more than half the market.

These payments work out per share at 566 pesos, 258.86 pesos, and 297.54 pesos respectively. The Bancomer payment is 4.7 times higher than its share value before the nationalisation and the Banamex payment almost four times greater.

The Mexican stock exchange at that time was considered undervalued after a large devaluation of the peso.

Shareholders will be paid with nine-year government bonds, which will pay a commercial rate of interest. The bonds will be traded on the Mexican stock exchange. The first capital payments will be made in 1988.

The compensation payments reflect the "adjusted" net worth of the banks on August 31, 1982, the eve of their takeover. The Finance Ministry said various adjustments were made to the banks' net worth to reflect the real value of their assets and the position of their credit portfolios.

The Government, however, has still not decided the fate of the more than 400 companies in which the 53 banks had large equity stakes. It is understood that the Government

will keep control only of those companies which it considers are in strategic sectors of the economy.

It is expected that bond holders may be able to purchase shares in companies formerly owned by banks once the Government has decided what it will do with the equity.

The banks were taken over by the Government of Sr Jose Lopez Portillo, three months before he left office, in what was regarded as a populist move to find a scapegoat for the country's debt crisis.

The new Government of President Miguel de la Madrid, which privately admits that the nationalisation was not necessary, has attached great importance to settling the compensation issue as quickly and as generously as possible, in the hope of restoring some of the battered private sector's confidence.

NYSE plans to alter listing requirements

BY WILLIAM HALL IN NEW YORK

THE New York Stock Exchange (NYSE) is planning to change its listing requirements to encourage more growth stocks, many of which are traded heavily on the over-the-counter (OTC) market, to get a listing on the big board.

The main change proposed is that the required profit record of a company seeking listing can be shortened. Under present listing requirements a New York Stock Exchange company has to have earned \$2.5m or more in the most recent year and \$2m in the two previous years.

Under the new proposal, which has to be cleared by the U.S. Securities and Exchange Commission (SEC), the company only needs to have earned \$1.5m in its most recent year, in addition it needs to demonstrate that it has 2,200 shareholders and an average monthly trading volume of 100,000 shares.

Under present requirements companies seeking a prospective listing have had to demonstrate that they had 2,000 shareholders who owned 100 shares or more. Under the new rules there is no minimum shareholding requirement for individual shareholders.

The NYSE hopes that the changes in its listing requirements will encourage more companies to switch from the OTC to the big board.

Although the new rules will not lead to a big change in the number of companies listed on the big board, it reflects the concern of America's senior stock exchange about the rapid growth of trading volume on the rival OTC market.

Market reports, Page 19

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Market reports, Page 19

Murdoch uses Australian news agency to lift stake in Reuters

BY LACHLAN DRUMMOND IN SYDNEY

MR RUPERT Murdoch's News Corporation has increased its indirect ownership of Reuters, the London-based news agency, and improved the competitive position of its Australian newspapers, as a result of a reorganisation of the Australian Associated Press, Australia's media-owned news agency.

AAP owns 13.6 per cent of Reuters and, before the reorganisation and restructuring announced yesterday, News Corp had 5.6 per cent of the voting rights at AAP.

In AAP's new form News Corp has 12 per cent in AAP Pty, the company holding the Reuters shares, and 15 per cent of AAP Information Services Pty, the operating arm spun off from AAP Pty.

The reorganisation has also confirmed the dominant shareholding positions of the Sydney-based Fairfax media group and the Melbourne-based Herald and Weekly Times and its satellites, each group

now with 42.8 per cent of the investment and 39.9 per cent of the operating offshoot. Previously AAP had been structured under an archaic system where each member's financial commitment was measured in voting rights not in size of shareholding.

These rights were determined essentially on usage of the system and were interlinked with the proportion of the annual subsidy paid by each member shareholder to make up the deficiency of revenues over outgoings for AAP.

However, as all but his original Adelaide newspaper interests were not full members of AAP the Murdoch stake was small, and indeed unrepresented at board level.

News Corp will now have one member on the boards of the two linked AAP companies and will gain access to the domestic news service and the Reuters originated

foreign service for Mr Murdoch's main Sydney newspapers.

No details of the cost of the exercise to News Corp were revealed although it was less than \$A20m (\$17.5m).

The move to reorganise AAP pre-dated the speculation of a float for Reuters, as did News Corp efforts to increase its presence at AAP. They also represented efforts to place the news service on a more commercial footing as it attempts to build itself into a mini-Reuters and to prevent the recently instituted Reuters dividend being soaked up as a general subsidy to the AAP news service.

However, the benefits of a clearly focused vehicle with a 13.6 per cent stake in Reuters are clear to all concerned, none more so than News Corp, which has an indirect 9 per cent stake in the London agency through its UK publishing interests.

Provisions hold NMB in check

BY WALTER ELLIS IN AMSTERDAM

AN UNUSUALLY large increase in its provisions against debt has held first-half earnings of the Nederlandse Middenstandsbank (NMB) to only Fl 54.8m (\$16.8m), 9 per cent up on the first six months of 1982. The gross result, however, is up 50 per cent, to Fl 385m, and the bank - the country's fourth largest - expects earnings for 1983 as a whole to be no less than for the previous 12 months.

The jump in provisions, by 86 per cent to Fl 390m, reflects not only the NMB's determination to rebuild its reserves after the depletions of

the last two years, but also the extent of its exposure to the vicissitudes of the domestic economy.

The bank is traditionally strong in the business loans sector, and recovery by Dutch companies from the world economic recession is showing only the earliest signs of its arrival.

Mr A. A. Soetekouw, a member of the board of management, said yesterday that the extent of provisions represented a prudent approach to developments in the economy generally, and should be seen against

the 50 per cent improvement in the gross result.

If earnings had included the Fl 19.2m contributed by the wholly-owned NMS savings bank, the net result would have been up 32 per cent (compared with 22 per cent for ABN and Amro and 11 per cent for the NCB), but savings banks profits are not paid out.

Mr Soetekouw said that the improvement this year was the result mainly of three factors: improved interest margins, commission on equity and bond trading, and profit from currency transactions.

The group predicts that positive developments in the market will allow it to post a full profit near the Skr 180m achieved last year.

Sharp setback for Safmarine

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICAN Marine Corp (Safmarine), the national carrier, suffered badly from the international shipping recession in the year to June 30 1983. Turnover fell by one third to R482m (\$430m) from R724m, while trading profit before depreciation and interest payments fell by more than half to R4.8m.

Mr Marmion Marsh, chairman, said that the lengthy downturn in international business and conse-

quently South Africa's trade continues. Safmarine was particularly badly hit by the fall in South Africa's imports, a trend which only developed at the start of the shipping company's past financial year. Nevertheless, Mr Marsh said that on the positive side Safmarine's profit performance compared well with the best in the industry.

At present Safmarine has plans

to buy five new ships at a total cost of R100m and delivery is scheduled over the next few months. The group also has plans to reintroduce regular liner services from Europe to South Africa. This will in part be done in conjunction with the company's new partners in the casino business, the Kernerz interests, Southern Sun and Holiday Inns. Earnings per share fell to 45 cents last year.

Brokers expect Sasol rights issue

BY OUR JOHANNESBURG CORRESPONDENT

SASOL, the semi-state-owned South African oil-from-coal producer, has announced a 9 per cent growth in pre-tax profits for the year to June 25 and warned of a major announcement to shareholders.

According to brokers, the company may be about to make a rights issue of between R500m and R1bn (\$500m) in order to purchase outright control of the Sasol 2 facility.

At present, Sasol holds 50 per cent of Sasol 2, built at a cost of R2.5bn and carrying debts of R1.85bn. The rest of Sasol 2 is owned by Konoil, a wholly owned subsidiary of the state-run Industrial Development Corporation (IDC). IDC also holds a 30 per cent stake in Sasol.

Plans for the eventual acquisition by Sasol of the second plant from

IDC have been known since 1978. Sasol is also committed to purchasing the outstanding 50 per cent of the third plant, Sasol 3, at some later stage from IDC.

In the year ended June 25, Sasol's pre-tax profits rose to R388m from R348m previously. The second plant yielded R198.3m of this and the third R100m. Sasol 2 has declared a total dividend of R50m.

Nordic consortium era nears end

BY KEVIN DONE IN STOCKHOLM

THE LARGE Nordic banks originally came to London more than 10 years ago as shareholders in two main consortia, Scandinavian Bank and Nordic Bank, but they are now striking out on their own.

Last year, Svenska Handelsbanken took the investment banking team from Nordic Bank and established its own London operation.

Svenska International, a branch of its Luxembourg subsidiary, at the same time Handelsbanken's main competitor in Sweden, Skandinaviska Enskilda Banken, also set up its own London operation, Enskilda Securities. S-E Banken managed to pluck seven top executives from Hambros Bank to help set up its London bank.

Svenska International started operations in November last year chiefly to engage in international capital markets transactions for Swedish corporate customers.

During the early part of 1983, Svenska International has expanded its activities to include foreign exchange money market and credits.

Wang may buy 25% interest in Tymshare

By William Hall in New York

WANG Laboratories, the fast growing U.S. computer group, is planning to buy a stake of up to 25 per cent in the California-based Tymshare, the leading independent computer time sharing group in the U.S.

Tymshare has been facing problems over the last year because demand for its traditional services has fallen. Declining computer hardware costs and rising telecommunications costs are apparently encouraging its customers to use alternative information gathering sources.

Tymshare announced yesterday that it had received formal notice that Wang Laboratories intends to purchase Tymshare common stock sufficient to bring its holdings to a value in excess of \$15m and may purchase enough shares to constitute between 15 per cent and 25 per cent.

Tymshare's earnings have fallen substantially from their 1980 peak of \$1.81 per share. In 1982 it earned 73 cents a share and in the first six months of the current year its net income fell by 70 per cent to \$2.07 on revenues 7 per cent lower at \$151m.

Elkem to buy Comilog stake

By Fay Gjester in Oslo

ELKEM of Norway and its U.S. subsidiary, Elkem Metals Company, major producers of ferroalloys, are to buy a 6 per cent stake in an African company that produces high quality manganese ore. The company, Comilog, in Gabon, is owned by Gabon Government and French and U.S. companies, including U.S. Steel. Elkem is paying about \$5.5m for the share it is buying, from French and American companies.

ASEA half year results for 1983

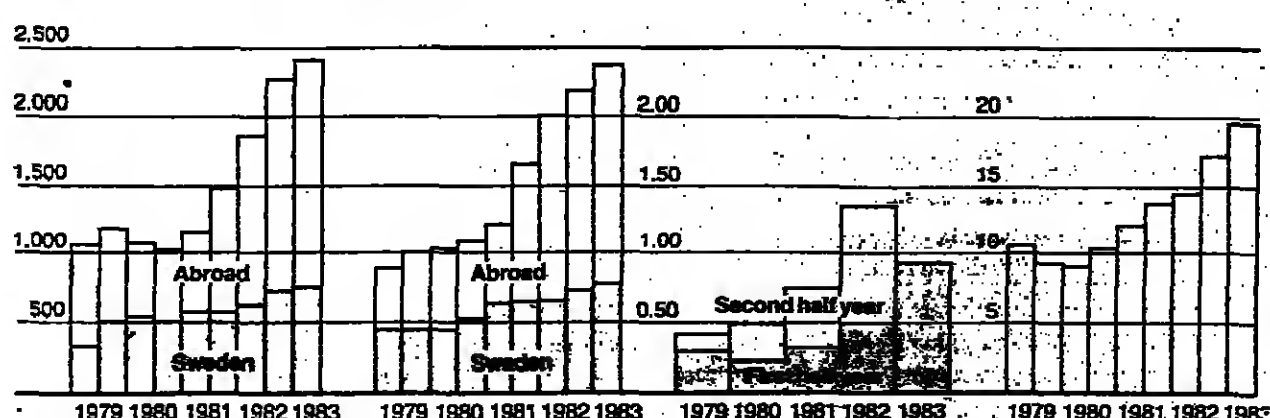
The upward trend continues

- ASEA has continued to strengthen its market position in important segments in the U.S. and Western Europe.
- Earnings have improved considerably in most business areas.
- The profit increase is a consequence of higher margins and the gradually increasing effect of restructurings.
- ASEA shares (ADR) are now listed on NASDAQ in New York.

The ASEA Group, based in Sweden, has some 170 subsidiaries in 37 countries and approximately 56,000 employees. The Group, including the Parent Company ASEA AB, manufactures plant and equipment for power generation, transmission and distribution; transportation equipment; industrial robots; metallurgical and process equipment and plant; air treatment systems; finished industrial and household goods; and semifinished goods.

Profit and loss account ASEA Group (£ million) (Exchange rate: £1 = SEK 11.70)	First half 1983	First half 1982	1982
Order bookings	1,130	992	2,281
Invoiced sales	1,112	931	2,204
Earnings after financial income and expense	70	33	111
Earnings before allocations and taxes	65	36	115

ASEA Group order bookings On a rolling 12-month basis	ASEA Group invoiced sales On a rolling 12-month basis	ASEA Group Earnings per share	ASEA Group Return on capital On a rolling 12-month basis
£ million 3,000	£	£	%



ASEA

ASEA Limited, 48 Leicester Square, London WC2H 7NN, Tel. 01-9305411. Telex 261243
ASEA AB, Investor Relations, Box 7373, S-10391 Stockholm, Sweden, Tel +46 824 59 50. Telex 17236 aseagr s

Handwritten signature: محمد بن عبد الله

MINING NEWS BIDS AND DEALS

Gold price rise boosts Dome

BY GEORGE MILLING-STANLEY

AN IMPROVEMENT of over £400 per ounce in the gold price, and higher production, helped Canada's Dome Mines to return to profit in the first half of this year, after a loss in the opening six months of 1982.

Net profits for the period were £25.2m (£14m) or 36 cents per share, compared with a loss of £13.8m last year.

Consolidated bullion revenue, including Dome's share of the 57 per cent-owned Campbell Red Lake Mines and the 66 per cent-owned Sigma Mines (Quebec) rose to £512.5m from £378.7m.

The average price received was £354.8 per ounce, up from £343.5 and output improved to 225,426 ounces from 155,371 oz last year.

The increase in production was mainly attributable to significant recoveries from old mining machinery, removed from the Dome Mine at Timmins, Ontario, as part of an expansion programme.

Another significant contributor

to Dome's improved performance was income of £236.6m from the sale of shares in two other high Canadian mining groups, Develco Mines and Noranda Mines.

Reported earnings were reduced by £327.2m, being Dome's share of the losses of the 28 per cent-owned Dome Petroleum.

The Campbell Red Lake subsidiary, Canada's biggest gold producer, turned in net profits of £236.6m or 98 cents per share for the six months, against £318.1m or 38 cents in the first half of last year.

The company attributed the higher earnings to the improved gold price and the sale of shares in the subsidiary.

The other main gold-producing subsidiary, Sigma, made no profit in the first half, but its share of £36.2m or 78 cents per share for the period, up from last year's first-half profits of £27m or 33 cents per share.

This year's earnings include a gain of £31.6m from the sale of Denison stock.

Still beavering away at Hemlo

THERE is not let-up in the hectic pace of exploration at the Hemlo gold camp on the north shore of Lake Superior in north-western Ontario. Some 150 companies are busy looking for a piece of what could become Canada's biggest goldfield.

Following a recent visit to the area John Sogalich reports that the gold production stage is reached in two years' time it will increase Canada's total gold output by about 30 per cent. So far, there are three mines taking shape.

The biggest and most advanced is the Golden Giant prospect of the Golden Sceptre Resources Ltd. Gold Mines-Noranda partnership. Drill indicated reserves are now reckoned to be some 20m tonnes grading an average 0.31 oz (9.8 grammes) gold per tonne.

Shurt-sinking is due to start this autumn with production to start as soon as possible. Under a deal with Golden Giant, the latter will handle some 500 tonnes per day of Teck-Corona ore while the former will be an independent operation of 1,000 tonnes per day.

It is thought that there is potential for more orebodies in the immediate area of those already discovered which, some think, are part of one huge body. It is also possible that the mining operations may one day be merged into one and in such discussions the name of Noranda tends to crop up.

Meanwhile, the many small exploration hopefuls continue to beaver away at the site, confident that they are in with a chance of success. Sogalich reports that on-site observers favour the chances of Interlake Development and Teck-Corona. Resources is also working in a "favourable" geological environment.

While the results of a feasibility study for the planned production at the end of his year, Lac is probing for extensions to the big deposit which remains open at depth to the north-west. The company also has two drill rigs on work on the White River claims in the east.

Planning is under way for a 2,500-3,000 tonnes per day operation which would produce some 180,000-200,000 oz of gold a year. This compares with an estimated 1983 output of 240,000 oz from Lac's three existing gold mines.

The third potential mine is the joint venture of Teck Corporation (55 per cent) and Mr Murray ("the Pez") Pezma's International Corona Resources (45 per cent). Drill indicated reserves are now at 4.7m tonnes averaging 0.35 oz gold per tonne plus 1.9m tonnes grading 0.324 oz per tonne.

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Gulliver merger valued at £252m

BY RAY MAUGHAN

DETAILS have been hammered out for the merger of Mr James Gulliver's two quoted retailing and drinks groups, Argyle Foods and Amalgamated Distilled Products.

The merged company will have a stock market valuation of £252m at current share prices. Its turnover is running at almost £1.4bn annually and its pre-tax profits for the current year to March 31 1984 are forecast to reach £36.5m.

Mr Gulliver's own management holding company, James Gulliver Associates, is providing an umbrella for the merger under which each company will be acquired by JGA, renamed Argyle Group.

One new share in Argyle Group will be offered for every share in Argyle Foods while four Group shares will be exchanged for every three in ADP shares.

Holders of 100 8 per cent Argyle Foods convertible preference

shares will receive 185 Group ordinary shares and holders of £100 nominal of ADP 10 per cent convertible loan stock will be offered 208 1/2 Group ordinary shares.

Argyle Foods' warrants can be exchanged directly for warrants in the merged company or can be exchanged for ordinary shares on a three-for-one basis.

Mr Gulliver will control about a per cent of the enlarged company and his two associates, Mr David Webster, will hold a further 1 per cent. Other major shareholders include Noble Grossart, Charterhouse Jophet and County Bank, with an aggregate stake of 8.5 per cent.

Expanding on a theme developed as James Gulliver Associates enlarged its food interests through a series of quick-fire acquisitions, notably Orient Foods and A&W, the merger of Gulliver yesterday gave as one of the

principal reasons behind the merger the creation of "greater scale in the food and drink industry at a time when there is increasing emphasis on the importance of size and when there is growing concentration of market share in the hands of the major corporations, both in the UK and internationally."

He said that he believed the big food retailers will be coming into increasingly strong competition within the next few years and, as their current major store expansion programmes approach completion, would be deploying large cash surpluses into substantial diversification. The merger of Argyle Foods, which takes in the Presto and Lipton chains, with ADP's off-licences chains and its distilling interests on both sides of the Atlantic should prove "a fair-sighted union," he claimed.

Argyle Foods is expected to make a 30 per cent pre-tax profit improvement this year to reach

£26m, excluding property disposal profits and reorganisation costs, while ADP is expected to produce 16 per cent growth to £8.5m.

Some 74.5 per cent of the fully-diluted capital of the enlarged company will be attributable to Argyle Foods and the balance to ADP.

Earnings for the current year, allowing for full dilution and full tax charges—although the group expects to incur little or no mainstream tax this year—are forecast at 8.8p per share.

Taking Argyle Foods at 128p, down 2p yesterday, and ADP at 165p, down 1p, shares in the new company would be valued at 124.6p per share.

It is expected that dividends to Argyle Foods will rise by a fifth this year and those payable to ADP shareholders will improve by 118 per cent, as Argyle Group distributes total dividends of 4.5p per share.

See 122

SECURITY CENTRES U.S. EXPANSION

Security Centres' American subsidiary, SCUSA, has agreed to purchase the assets of two U.S. alarm monitoring companies, Thompson Signal Device and Thompson Central Station Alarm.

Total consideration will be \$2m cash, of which \$1m will be payable on completion and the balance by two equal annual instalments. The consideration represents a multiple of 1.4 times annual recurring revenues of \$142m.

Book value of assets being acquired is \$0.9m and attributable profits in 1982 were \$40,000. The company has already received one offer for the Southampton, Long Island installations which it is buying as part of the agreement. This offer is for \$1m cash, connected with a purchase price of \$325,000 in cash and two equal annual instalments of \$162,000.

BOUSTEAD

Boustead has completed the acquisition of 12-18 Artillery Lane, London, to relocate its UK commodity operations. Consideration of £947,500 has been satisfied by issue of 1.47m ordinary shares.

Charterhouse which was due to publish its half year results on Wednesday will now publish the figures on September 9.

Yelverton associate U.S. move

BY TIM DICKSON

PLANS FOR expansion in the United States—including a \$1m equity injection—have been announced by WordNet, a private company in which the publicly quoted Yelverton Investments has a 40 per cent stake.

WordNet was founded in 1982 by two venture capitalists, Richard Crown and John Richard Crown, who used to work in Sweden. Its key product is a word information processing system which links the publicly quoted Yelverton Investments has a 40 per cent stake.

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Martin Ford PLC
Famous for Separates

Interim unaudited results for 26 weeks ended 28th May, 1983.

	Half-year 1983	Half-year 1982	Year 1982
Turnover (including VAT)	3,523,632	3,516,240	6,938,471
Profit before Tax	115,090	91,439	187,347
Taxation	34,738	47,299	35,910
Profit after Tax	80,352	44,040	151,437
Extraordinary Items Credits (Note)	12,551	95,378	96,312
Profit after Extraordinary Items	92,903	139,418	247,749
Dividends	54,698	38,063	117,188
Earnings per Share (based on Profit after Tax)	0.51p	0.28p	0.97p

Note: The Extraordinary Item Credits represent profits arising on the disposal of property.

The branch capital expenditure programme is beginning to produce anticipated benefits and the Directors look forward to a further improvement in results.

The interim dividend has been increased to 0.35 pence per Ordinary Share (1982 - 0.25 pence) and this will be paid on 5th October, 1983 to those shareholders on the register at the close of business on 2nd September, 1983.

This announcement appears as a matter of record only.

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of

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County Bank Limited The Sumitomo Bank, Limited
London Branch

In association with

Gerrard & National
PLC

July 1983

The Partners of Lombard, Odier & Cie
have the pleasure to announce that

A. Millar Law

previously Assistant Director of Ivory & Sime Ltd
has joined as of August 15th, 1983 as a Director ofLombard Odier International
Portfolio Management Limited in LondonPortland House
72-73 Basinghall Street
London EC2V 5PB
01-606 9811

This advertisement complies with the requirements of the Council of The Stock Exchange in London

Girozentrale und Bank der österreichischen
Sparkassen Aktiengesellschaft

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£20,000,000 of which are being issued as the Initial Tranche at an Issue Price of 100%

County Bank Limited

Algemeine Bank Nederland N.V.

Banque Nationale de Paris

Daiva Europe Limited

Kreditbank International Group

LTCB International Limited

Orion Royal Bank Limited

Westdeutsche Landesbank Girozentrale

Al-Mal Group

Crédit Lyonnais

Hambros Bank Limited

Kuwait Foreign Trading Contracting

& Investment Co. (S.A.K.)

Morgan Grenfell & Co. Limited

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High 120	Ass. Bnt. Ind. CULS...	120	1	10.0	7.0	2.9
158 117	Ass. Bnt. Ind. CULS...	158	1	10.0	7.0	2.9
46 21	Armstrong & Rhodes...	46	1	4.3	20.5	2.4
220 98	Bardon Hill...	220	1	7.2	3.3	9.0
151 100	CL 11st Cane...	151	1	15.7	11.0	8.0
270 192	Candico Group...	270	1	17.0	8.2	—
86 45	Deborah Services...	86	1	8.0	11.1	3.8
124 77	Frank Marshall...	124	1	15.7	11.0	8.0
118 70	Frank Marshall Py Ltd...	118	1	8.7	7.4	5.0
83 58	Frederick Parker...	83	1	7.1	12.2	3.8
55 32	George Blair...	55	1	8.5	11.0	—
100 65	Ind. Precision Castings...	100	1	7.3	11.2	0.3
200 100	Iale Com. Piel...	200	1	15.7	7.9	—
112 47	Jackson Group...	112	1	4.5	4.0	5.8
237 111	James Burnough...	237	1	11.4	5.4	11.9
200 138	Robert Jenkins...	200	1	20.0	14.4	18.2
83 54	Sereno "A"...	83	1	5.7	3.4	11.3
167 110	Torday & Carlisle...	167	1	11.4	10.1	5.0
28 21	Unilock Holdings...	28	1	1.0	4.2	18.0
85 84	Walter Alexander...	85	1	5.8	1.4	5.1
278 214	W. S. Yates...	278	1	17.1	6.4	4.1

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THE MANAGEMENT PAGE : Small Business

EDITED BY CHRISTOPHER LORENZ

CONSUMERS in East Anglia—unwitting guinea pigs for many a new product test marketed in Britain—have recently been sampling a highly unusual new drink named Nature's Wonder.

A glance at the ingredients—pure orange, pineapple and passion fruit juices combined with milk protein—quickly confirms that this exotic sounding beverage is indeed no ordinary drink. The story of why a relatively small dairy co-operative in Northern Ireland is set to spend £5m manufacturing it for the British market is probably more extraordinary still.

It also clearly illustrates the difficulties any small operation faces when a market it has long been able to exploit relatively unchallenged is suddenly threatened.

Ivan McMurray, chief executive of the co-operative's selling subsidiary explains both the problem and the option: "There are pressures that we can see coming such as the threat from cheap imported UHT milk. Like many companies we seem to be faced with a stark choice—expand or die."

The key point in the push for growth at Green Gate Foods—part of the Dugannon, County Tyrone-based Killyman Co-operative Agricultural and Dairy Society in Northern Ireland—came, appropriately enough, on St Patrick's Day (March 17) when the company signed a joint licensing agreement with Sweden's largest food company, the Arla Group.

Arla developed Nature's Wonder a couple of years ago and patented the process which the company says holds the key to the drink's "unique" flavour—namely the hydrolysis of lactose (milk sugar) so as to produce an acid sweetener. Encouraged by its major sales success in Scandinavia, the company not unreasonably decided that what is good for Sweden and other Scandinavians ought also to be good for the rest of us.

Besides the UK and the Republic of Ireland joint licensing ventures have also been entered into with companies in Canada and West Germany and other deals as far apart as the U.S. and Australia are currently being negotiated.

Since the 85-year-old Killyman Co-operative has, for much of its life, been content to supply local markets with traditional dairy products such as milk and butter, its choice as Arla's British partner may seem surprising. There are good reasons why the new relationship is appropriate.

First, Northern Ireland has abundant supplies of high quality whey protein, the major waste by-product of local



Ivan McMurray and Harry Stevenson of Green Gate Foods, and Alison Smyth (Miss Northern Ireland) promote one of the company's new products, locally-grown Apple Juice

A stark choice: 'expand or die'

Tim Dickson on how a co-operative faced a threat to its traditional markets

cheese manufacturing and the raw material from which the sweetened sugar for Nature's Wonder will be extracted. Second, the hitherto parochial Killyman is increasingly conscious that its future prosperity depends on developing new products for a wider market place.

Along with deputy chief executive Harry Stevenson, Ivan McMurray brought into Green Gate two years ago from Dale Farm Ireland (part of Northern Foods—has been charged with rethinking the co-operative's whole approach to the consumer, looking at the potential in new dairy technology, and adding a new range of consumer products appropriate to the 1980s.

Significantly one of the first steps was to set up Green Gate Foods, an attractive and more readily acceptable brand name than the tortuous Killyman Co-operative Agricultural and Dairy Society.

The first major new products, however—an apple juice made from Bramley apples grown in County Armagh, and an orange drink made from imported concentrate—were only launched in June this year following a £1m investment in new juice extraction plant. Killyman has

for years been extracting juice from apples for sale to the commodity markets but before last month had not sold to the consumer.

The current plans for Nature's Wonder are much wider reaching and, if all goes well, will involve taking Green Gate into new markets, a doubling of capacity at the Dugannon plant and a total investment (including fixed assets and working capital) of around £5m. The hope is initially to create 30 new jobs and safeguard those of the 70 existing employees.

The success of the project obviously depends on the reaction of British palates to the new Scandinavian concoction. At £1p to 5p for 200 ml it will sell at a significant premium over more conventional fruit juices.

McMurray says that the results of market research in Britain so far are "highly encouraging" and, according to Christopher Lawson, chairman of Spearhead, the sales and marketing organisation, which is masterminding the promotional campaign, "the reception from the trade and supermarket chains is looking very good."

As Lawson himself admits the consumer market is highly competitive. "Only about one-in-10 new products is really a runaway success."

If the proposed transformation of the Killyman Co-operative seems a daunting prospect, Green Gate's new executive can take heart from the recent history of its Swedish partner. For as Kjell Svendsen, vice president in charge of Arla's international projects explains, his company faced similar problems in the 1960s. "At that time people in the dairy industry were under great pressure. The arrival of soft margarine, for example, was hitting our traditional butter market and before we knew where we were we had lost 10 per cent of it."

Fortunately our president, Jan Edlund, pioneered a new strategy and adopted a new philosophy. He realised that we had good raw materials but that we could only exploit them if we responded to the needs of the market place."

That policy has certainly paid off in the intervening years for besides introducing new products such as fruit juices, fruit yoghurt, cottage cheese and flavoured milk more likely to appeal to the country's health conscious consumers, Arla has built up a strong reputation for innovation and R and D.

Few shoppers will be aware that the popular low calorie high protein spread marketed in the UK under the St Ivel label by Unigate was developed by Arla and the process for making it licensed to the British company.

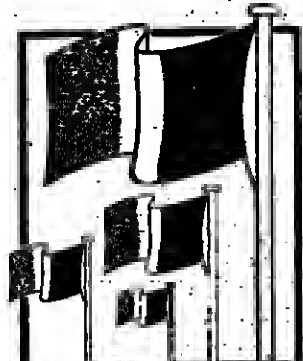
Unigate, incidentally, was also offered Nature's Wonder but turned it down. Although relations with the British food giant are good, Svendsen believes the decision had much to do with the slowly turning wheels of a big company and has found it easier to develop close licensing relationships with smaller companies.

While Unigate will no doubt hide its corporate blushes if Nature's Wonder succeeds, none will be more delighted than the executives of Northern Ireland's Industrial Development Board. The IDB, which acted as a marriage broker between Arla and Killyman, is expected to provide grants and other forms of selective financial assistance but will not be putting up any extra money in the form of equity or loans for the new project. Other funding will be provided by banks.

More important for Northern Ireland is that Green Gate's plans to add significant value to an indigenous raw material represent a model of the sort of industrial development the province desperately needs.

A fair share of support

Paul Betts
continues a
series on
international
small business
with a report on
the French scene



ingly come from medium and small enterprises.

Fabius is not alone in urging greater efforts to support medium and small businesses. The recently unveiled ninth plan, which outlines the country's economic and social direction during the next five years (1984-88), also places heavy emphasis on small businesses. One of the main aims of the plan is to devote a larger share of public spending to boost research and development. Public spending for R and D is to be increased to the equivalent of 2.5 per cent of the country's gross domestic product in 1985 of which 1.5 per cent will directly go to enterprises. At the same time, the share of these funds for small and medium-sized businesses will be increased, the plan says.

Although the main emphasis in the recent past has been on France's large groups, it would be misleading to think the

authorities only now are beginning to turn their attention to the problems of small businesses. They have in fact received a fair share of support in the past two years with the government assisting them through fiscal and other financial measures.

This support contributed last year to an improvement in the general performance of small and medium-sized businesses. According to a report on small businesses by the Compagnie Bancaire, the turnover of small and medium sized businesses last year improved strongly over 1981. However, 1981 was a particularly depressed year for these industries. Moreover, the improvement in sales which had not been expected by most companies led to a relative improvement in investments by these concerns after a sharp drop in investments the year before.

This improvement in investment activity last year by small

and medium sized industries reflects in part the sharp drop in investments the year before. But the Compagnie Bancaire reports that government support measures largely in the form of fiscal aid were responsible for about 10 per cent of small and medium sized companies investing more than expected in 1982.

Among the measures the government introduced last year to encourage investment and development of small businesses was fiscal relief on profits for companies employing less than 150 people and a series of relative "soft" loans. Fabius, the new Industry Minister, has indicated further fiscal relief on profits to stimulate investment and growth among smaller businesses.

But 1983 is already proving to be a difficult year for small businesses in France despite all the additional encouragement on the surface at least—being given by the government. The recent French austerity package is designed among other things, to cut back on internal consumption, and in turn this is bound to have an impact on many small businesses. Indeed, the small businesses association in France has already warned of the negative repercussions of the new economic measures could have both on employment and their performance this year.

The small businesses association, however, has been heartened by the new shift in government industrial policy. The question is whether all the good intentions will now be translated into concrete measures to stimulate growth in the small business sector.

Small business abstracts

New products in smaller businesses. R. C. Parker in Chartered Mechanical Engineer (UK), Nov 82.

Suggests procedures for developing creative thinking in small businesses and outlines the potential for product innovation in companies with varying levels of technology.

Selecting agents and distributors. J. Thorn in Industrial Marketing Digest (UK), Vol. 8 No. 1.

Warns of the pitfalls in overseas agent selection, discusses how candidates can be identified and lists the points which the selection interview ought to

cover. The new product process. R. G. Cooper in R and D Management (UK), Jan. 83.

Reviews the conception/development/commercialisation of new products by a survey of the new product processes of several firms; analyses typical flow diagrams, comments on the findings, and concludes that the "best" process embodied a balance between marketing-oriented and technically-oriented activities.

What's the truth about heating? G. Atkin in Works Management (UK), Jan. 83.

Looks at the performance of common heating systems in typical factory buildings, comments on the effects of insulation and ventilation, tabulates costs, and gives guidelines on

attainable savings. Management accounting for co-operatives. P. C. Norrket in Management Accounting (UK), Feb. 83.

Explains the corporate status and accounting peculiarities of co-operatives and pleads for voluntary assistance from accountants in this "capital-starved sector of commerce." Assessing growth potential in smaller businesses. C. Marum in Long Range Planning (UK), Feb. 83.

Describes use of charts built up from financial ratios to assess the growth potential of small/medium-sized businesses; shows how the charts can be used for single solutions. Entrepreneurial personality. J. C. Etlinger in European Small Business Journal (UK), Winter 83.

Findings from interviews with Belgians running small businesses—that creativity/independence/power are the main motivations, and that professional people, company executives and entrepreneurs exhibit different combinations of these driver classifications in terms of a weak/strong level of each drive.

These abstracts are condensed versions of the abstracting journals published by Amber Management Publications. Licensed copies of the original articles may be obtained at £3 each including VAT and p+p (cash with order). Write to: Amber Box 23, Wembley, Middlesex, HA9 8JL.

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No. 001/83-AONI

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Tenders, accompanied by fiscal and statutory documents, are to be sent inside two sealed envelopes, to Monsieur le Président du Comité des Marchés SOT.SKI - Zone Industrielle - B.P. 96, Skikda, Algeria, the first envelope being marked "Appel d'Offres National et International no. 001/83/AONI; A NE PAS OUVRIR" - (National and International Call for Bids no. 001/83/AONI; DO NOT OPEN).

The closing date for tenders is thirty days from the date of publication of this notice. This Call for Bids is restricted to manufacturers and producers, in accordance with the provisions of law no. 78-02 of 11th February 1978, relating to the State monopoly of foreign trade, agents/distributors and other intermediaries are not eligible to tender. Bidders must accompany their tenders by a certificate issued by the Chamber of Commerce and Industry in their place of residence, certifying them to be bona fide manufacturers and producers. Bidders' tenders will be binding for a period of ninety (90) days.

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TECHNOLOGY

LARGE CUSTOMERS DEMAND MORE SOPHISTICATION IBM lets users mix and match— courtesy of Digital Research

THE MARKET for professional personal computers, only a couple of years old, is already beginning to show marked stratification. What is happening is that large corporations are beginning to demand greater sophistication in the facilities offered on their machines than has hitherto been available. In other words, "concurrency" the ability of a computer to mix and match a series of tasks at the same time, has become the favour of the month.

The most dramatic proof of this is the news that from the first of this month IBM has agreed to sell and maintain—in the U.S. alone for now—a very sophisticated operating system for its personal computer (PC) built by Digital Research.

Operating systems (OS) are computer instructions which order the internal working of the machine. They handle, for example, the flow of information to and from disc memory storage. They are crucial to the performance of any computer but have a special significance at the very small machine level where ease of use for the operator is determined by the quality of the OS.

Digital Research is noted for having created the most popular operating system, CP/M (control program for microcomputers) in the history of microcomputing. That was for 8-bit machines. Sales and licence fees for the CP/M family of operating systems have taken Digital from an amount of \$15.5m in August 1982 to a certain \$40m by the end of this month.

Dramatic, but hardly unique figures in the hectic microcomputer software business. Microsoft, creator of Microsoft Basic, virtually the standard programming language for microcomputers, grew from revenues of \$0.5m in 1977 to \$32m last year (see this page, August 12).

When IBM unveiled its 16-bit personal computer, its preferred OS was, and still is, a Microsoft offering for 16-bit machines called PC-DOS. It actually offered the Digital Research 16-bit OS CP/M-86 as well but priced it at \$199 compared with

Professional Personal Computing

A new business commodity product has emerged in the past two years. It is the professional personal computer, powerful enough for major business applications. This fortnightly column will chart the growth of this phenomenon.

For PC/DOS. So there was little doubt which system IBM wanted its users to adopt. Why? Explanations are many and varied, but it seems likely that IBM wanted to use a single source for its microcomputer BASIC and for its operating system—and in those days it was hard for anyone to have foreseen how Microsoft and Digital were going to grow.

In the meantime, demands for concurrency from sophisticated users, usually in the big corporations, grew powerfully. Users wanted to be able to write text while printing other documents or merge their word processing with their financial analysis.

There are already a number of offerings in the market place. Viscorp, creators of the legendary Visicalc spreadsheet package have announced Visi-Draw. Apple Computer has tackled the problem in hardware and software in its Lisa workstation.

Texas Instruments and Digital Equipment have been developing concurrent operating systems. Fujitsu already offered one on its professional computer, as does Wang.

IBM has a new and improved version of PC/DOS but, in the opinion of the specialist maga-

zine PC User: "There are questions about whether it is 'concurrent' enough to carry out a variety of tasks at once and whether it is secure enough to prevent unauthorised access."

Concurrent CP/M, of which some 750,000 copies are already in use sold by 45-50 licensees, is recognised as concurrent and secure.

IBM itself says: "For the sophisticated user, concurrent CP/M provides more than enough power. File integrity is fully ensured through the use of file and record locking and pass word protection. You no longer have to wait for your personal computer to finish one task before starting another."

What this means for the user is the ability to set up several different screens of information and switch between them at the press of a switch. Or, up to four sets of information can be shown simultaneously on the one screen. A long document can be printed while the user is working on other information on the screen.

Of course, there is a trade-off. Concurrent CP/M is a large program requiring at least 256 thousand bytes of immediate memory and two 160 thousand byte floppy disc drives.

On the other hand it only costs \$350 and markedly increases the value of the customer's investment in his or her IBM hardware. (It is a little like fitting a steering wheel and brakes to a motor car to increase its usability.)

Mr John Rowley, executive president of Digital Research two months ago said this week: "It took us 30 months to develop concurrent CP/M. It is designed for the top end of the 16-bit microcomputer market, for customers who can make the most of the facilities it provides. IBM thought that it was moving downmarket with the PC—instead it found it needed a concurrent operating system for customers with higher power machines."

There are, in fact, at least 16 separate operating systems available for the IBM PC and similar 16-bit machines like the Apricot from the UK's ACT. Concurrent CP/M will be available on the Apricot. "It took us one month flat to make the modifications," Mr Rowley says.

Pocket spreadsheet

SOFTWARE PACKAGES about the size of a book of matches that plug into the front of the Hewlett Packard HP-75C allow users of this hand-held computer to deploy VisiCalc, advanced maths, text formatting. Implemented in read-only memory (the machine's user memory of 24 kilobytes is not diminished), the modules vary in price from \$160 for VisiCalc to \$78 for the text formatter.

Although some will feel that the single line display of the HP-75 will be a limitation for spreadsheet software like VisiCalc, HP's view is that the display "acts as a window on the larger VisiCalc worksheet."

The data communications module seems useful in that it will allow HP-75 owners to transfer files to and from bigger host machines, say from home to office, and permit linkage to information networks. More on 0544 773100.

Insurance

SOFTWARE tailored to the needs of Britain's 9,000 insurance brokers has been developed by Midland Computers. The system is designed to operate on the Datapoint range of microcomputers.

The package is aimed at the small- to medium-sized insurance brokers. The company says this covers companies handling 3,000 policies. The system covers client enquiries, policy amendments, debit note preparation, all accounting functions, word processing and statement reconciliation. More details of the system can be obtained on 021 704 4226.

Conference

MR ALEX MCINTOSH, director of Entry Systems Operations for IBM (UK) International Products and Mr Adam Osborne, chairman of the board of the portable computer company which bears his name, are among the speakers at a Financial Times conference on the Professional Personal Computer.

PILKINGTON'S NEW MOVES IN FIBRE OPTICS Not in the same glass

BY ELAINE WILLIAMS

NEXT MONTH Pilkington will open a new factory at Bodel Wyddon in North Wales to make optical fibre cables. The factory, which will employ 71 people, cost Pilkington about £1m.

This investment underlines Pilkington's moves into value added products and away from its traditional role as a raw material supplier.

It is part of Pilkington's diversification programme. The patents on the float glass process developed in the 1850s for many years the bedrock of its business—are running out. Each year the company's royalties from this process dwindle, so it is looking for new business areas to develop. At one time the traditional glass product accounted for 40 per cent of the total business; now it is down to 25 per cent and still falling.

Pilkington became involved in optical fibre technology in 1968 when it developed a low-cost fibre for short-distance communications. By 1976 it had built one of the first purpose-built optical fibre production plants in the country.

Last November, however, the company decided to close down its production plant at St Asaph in North Wales and shelve its development plans for the more sophisticated graded index optical fibre which is used on the longer distance telecommunications systems. The reason was simple. Pilkington could buy the raw fibre it needed from France at one third of the cost than it could produce its own material.

Instead it is concentrating on making cables, and designing systems around optical fibres. Mr Dennis Oliver, chairman of the group commented in Pilkington's recently published annual report: "The manufacture of complete fibre optic systems has emerged as a larger and more valuable market than optical waveguides. We have therefore ceased waveguide fibre manufacture in order to exploit our expertise in the systems area."

Mr Reece Davies, sales manager of Pilkington's newly set up Fibre Optic Technologies, said that the subsidiary was likely to quadruple its turnover over the next year. Today, fibre optics is a tiny part of the Pil-



Chase Manhattan's new dealing room; linked by 10,000m of Pilkington optical fibres

kington £1.1bn empire but the aim is to turn the subsidiary into a £100m turnover company within the group.

To achieve this Pilkington's engineers have worked with customers to develop systems which can form the basis of marketable products as well as selling standard cable to systems manufacturers. For example, Fibre Optic Technologies' first product was a one-off design for Gallaghers, the cigarette maker. Gallaghers wanted to improve the quality of cigarettes as they came off the production line.

The company was losing a lot of money through bad products and needed a system which could monitor the throughput of cigarettes accurately. Pilkington applied optical fibre technology because it could cope with the very high speed throughput—thousands of cigarettes are produced a minute—and was very accurate. Now other tobacco companies have taken up the product and Fibre Optic Technologies sells about 300 units a year.

A triumph for Pilkington was its part in the new and prestigious computerised treasury dealing room at Chase Manhattan Bank complex which opened in London recently. In the

Market leaders in micro technology
01-741 5111
FORTUNE SYSTEMS

Manufacturing Robot welders

SLIAKY, the French-based international welding equipment manufacturer, has brought out a new range of robot transformer welding guns.

They are available in two formats: scissor (articulated) and "C" type. According to the company they have the highest power to weight ratio on the market and can be fitted to most industrial robots. Both models offer two power ratings (thermal rating 50 per cent duty cycle) of 25kVA or 33kVA; production rate for all models is 60 spots a minute.

The guns can be linked to Sciaky's "Roboset 7" computerised process control and monitoring systems. Sciaky in the UK can be contacted on Slough 25551.

Computing Housing maintenance

A HOUSING maintenance software package to monitor and control local authority housing stock has been launched by Datapoint in the UK. The system records data on time and resource spent on maintenance assignments by direct labour staff to compare with contractors' costs and providing information for management. More details on this programme can be obtained on 01-459 1222.

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SECTION III - INTERNATIONAL MARKETS

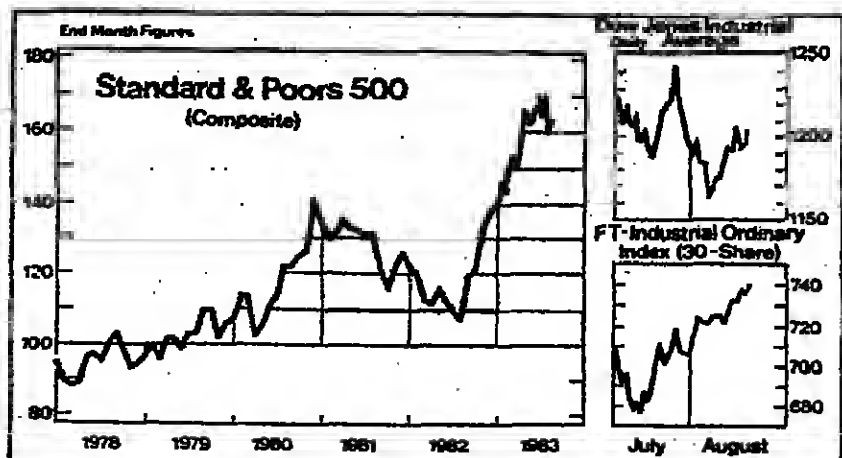
FINANCIAL TIMES

Tuesday August 23 1983

19
Money figures lift
fixed-rate
Eurobonds, Page 30

NEW YORK STOCK EXCHANGE 20-21
AMERICAN STOCK EXCHANGE 21-22
WORLD STOCK MARKETS 22
LONDON STOCK EXCHANGE 23-25
UNIT TRUSTS 26-27
COMMODITIES 28
CURRENCIES 29
INTERNATIONAL CAPITAL MARKETS 30

KEY MARKET MONITORS



NEW YORK	Aug 22	Previous	Year ago
DJ Industrials	1203.15	1194.21	889.29
DJ Transport	535.58	533.73	324.04
DJ Utilities	131.07	130.88	115.36
S&P Composite	164.34	163.98	113.02

LONDON	Aug 22	Previous	Year ago
FT All-Ord	740.4	735.7	578.5
FT-A All-share	465.67	463.82	345.30
FT-A 500	504.72	502.78	378.24
FT-A Ind	454.25	452.0	350.58
FT Gold mines	661.2	660.0	314.4
FT Govt sec	79.82	79.51	76.92

TOKYO	Aug 22	Previous	Year ago
Nikkei-Dow	9203.75	9139.73	8968.46
Tokyo SE	682.49	680.13	519.11

AUSTRALIA	Aug 22	Previous	Year ago
All Ord	890.6	884.7	484.0
Motals & Mins	592.4	589.8	363.2

AUSTRIA	Aug 22	Previous	Year ago
Credit Aktien	55.12	55.03	48.58

BELOJUM	Aug 22	Previous	Year ago
Belgian SE	133.25	133.09	94.23

CANADA	Aug 22	Previous	Year ago
Toronto Composite	2454.8	2439.9	1524.9
Montreal Industrials	436.97	433.06	275.24
Combined	409.91	406.88	262.7

DENMARK	Aug 22	Previous	Year ago
Copenhagen SE	177.59	176.08	88.71

FRANCE	Aug 22	Previous	Year ago
CAC Gen	136.0	135.0	95.6
Ind. Tendance	144.2	142.7	110.3

WEST GERMANY	Aug 22	Previous	Year ago
FAZ Aktien	317.27	317.73	218.91
Commerzbank	940.1	942.2	666.3

HONG KONG	Aug 22	Previous	Year ago
Hang Seng	1000.23	996.28	1034.88

ITALY	Aug 22	Previous	Year ago
Banca Comin	208.36	208.43	173.63

NETHERLANDS	Aug 22	Previous	Year ago
ANP-CBS Gen	143.4	142.8	85.6
ANP-CBS Ind	116.5	116.4	67.4

NORWAY	Aug 22	Previous	Year ago
Oslo SE	210.07	210.54	104.54

SINGAPORE	Aug 22	Previous	Year ago
Straits Times	985.18	986.11	603.25

SOUTH AFRICA	Aug 22	Previous	Year ago
Gold	n/a	938.0	539.2
Industrials	n/a	935.3	597.0

SPAIN	Aug 22	Previous	Year ago
Madrid SE	closed	118.03	110.25

SWEDEN	Aug 22	Previous	Year ago
J & P	1475.16	1489.75	615.89

SWITZERLAND	Aug 22	Previous	Year ago
Swiss Bank Corp	328.2	336.1	241.1

WORLD	Aug 19	Prev	Yr ago
Capital Int'l	178.6	178.5	125.1

GOLD (per ounce)	Aug 22	Previous	Year ago
London	\$424.625	\$417.875	
Frankfurt	\$421.75	\$418.25	
Zurich	\$422.50	\$417.50	
Paris (franc)	\$421.67	\$418.94	
New York (Aug)	\$425.70	\$418.20	

* Indicates latest pre-close figure

CURRENCIES	Aug 22	Previous	Aug 22	Previous
U.S. DOLLAR	1.529	1.518	4.0275	4.035
DM	2.8325	2.857	371.5	370.5
Yen	242.95	243.8	12.10	12.12
FFr	7.915	7.9075	3.2755	3.275
Sfr	2.14	2.156	4.5	4.51
Goldster	2.9425	2.972	2402.0	2401.5
Lira	1571.5	1582.5	80.75	80.75
ScFr	52.83	53.21	1.8835	1.8735
CS	1.23225	1.23425		

INTEREST RATES	Aug 22	Previous
Euro-currencies (three month offered rate)	9%	9%
Sfr	4%	4%
DM	5%	5%
FFr	14%	15%

FT London Interbank fixing (offered rate)	Aug 22	Previous
3-month U.S.\$	10%	10%
6-month U.S.\$	10%	10%
U.S. Fed Funds	9%	9%
U.S. 3-month CDs	9.75	9.8
U.S. 3-month T-bills	9.15	9.29

U.S. Treasury Bonds	Aug 22	Previous	Yield
10% 1985	99 1/8	10.57	99 1/8
10% 1986	96 1/8	11.38	94 1/8
11% 1993	102 1/8	11.51	98 1/8
12% 2013	103 1/8	11.52	99 1/8

FINANCIAL FUTURES	Aug 22	Previous	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%	72-16	72-16	71-25	70-26
U.S. Treasury Bills (TMM)				
3-month points of 100%	90.89	90.92	90.80	90.67
6-month points of 100%	90.89	90.92	90.80	90.67
9-month points of 100%	90.89	90.92	90.80	90.67
12-month points of 100%	90.89	90.92	90.80	90.67
20-year National Gilt	103-00	103-11	102-31	102-15

LONDON COMMODITY MARKETS	Aug 22	Previous
Silver (spot fixing)	\$11.50p	\$11.50p
Copper (cash)	\$1061.75	\$1064.50
Coffee (Sept)	\$1717.50	\$1721.50
Oil (spot Arabian light)	\$28.82	\$28.87

Hong Kong	Aug 22	Previous	Low	Prev
Consumer Price Index	143	143	143	143

U.S. Treasury Bonds	Aug 22	Previous	Yield
10% 1985	99 1/8	10.57	99 1/8
10% 1986	96 1/8	11.38	94 1/8
11% 1993	102 1/8	11.51	98 1/8
12% 2013	103 1/8	11.52	99 1/8

U.S. Treasury Bonds	Aug 22	Previous	Yield
10% 1985	99 1/8	10.57	99 1/8
10% 1986	96 1/8	11.38	94 1/8
11% 1993	102 1/8	11.51	98 1/8
12% 2013	103 1/8	11.52	99 1/8

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10% 1986	96 1/8	11.38	94 1/8
11% 1993	102 1/8	11.51	98 1/8
12% 2013	103 1/8	11.52	99 1/8

U.S. Treasury Bonds	Aug 22	Previous	Yield
10% 1985	99 1/8	10.57	99 1/8

Special Times

ained from Page 1

Continued on Page 21

JOHN L. ...

Continued on Page 22

Continued from Page 20

Continued on Page 22

i-dividends also extra(s) f-annual rate of dividends plus
 a-stock dividend g-liquidating dividend e-called c-new yearly
 low, e-dividends declared or paid in preceding 12 months g-
 dividend in Canadian funds, subject to 15% non-residence tax, f-
 dividend paid after split-up or stock split h-dividend
 paid this year, omitted, deferred, or no action taken at latest
 dividend meeting, i-dividend declared or paid this year, an accu-
 mulative issue with dividends in arrears, n-new issue in the
 current year, o-outstanding dividend, p-paid, q-quarterly
 dividend, r-not yet delivery, P/E-price-earnings ratio, r-dividend
 declared or paid in preceding 12 months, plus stock dividend, i-
 stock split Dividends begins with date of split, e-rate, i-
 dividend, j-dividend in arrears, k-dividend in arrears
 with no dividend, w-ex-dividend w-distribution date, u-new yearly high
 w-trading halting, w-in bankruptcy or receivership or being re-
 organized under the Bankruptcy Act, or securities assumed by
 another company, w-without, w-without, w-without, w-without
 securities without warrants y-ex-dividends and sales in full, y-
 sales in full,

Continued on Page



BRITISH FUNDS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

FT LONDON SHARE INFORMATION SERVICE

LOANS-Continued

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

BANKS-Continued

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

CHEMICALS, PLASTICS-Cont.

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

ELECTRICALS-Continued.

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

DRAPERY AND STORES

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

FOOD, GROCERIES-Cont.

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

HOTELS AND CATERERS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

INDUSTRIALS (Miscel.)

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

BEERS, WINES & SPIRITS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

CANADIANS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

BANKS, H.P. & LEASING

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

ELECTRICALS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

FOOD, GROCERIES, ETC.

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

CHEMICALS, PLASTICS

High	Low	Stock	Price	Yield	Div.
100.00	100.00	Financial	100.00	10.00%	10.00
100.00	100.00	Building Societies	100.00	10.00%	10.00
100.00	100.00	Foreign Bonds & Rails	100.00	10.00%	10.00
100.00	100.00	Americans	100.00	10.00%	10.00
100.00	100.00	Over Fifteen Years	100.00	10.00%	10.00
100.00	100.00	Index-Linked	100.00	10.00%	10.00

As viewed from the City, is your corporate image a bit faded?

In a recent City poll, 64% of a sample of professional investors knew 'little or nothing' about one of the quoted companies listed, a £200m-plus group with an excellent dividend record.

FINANCIAL TIMES

Schroder Kingt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561

New day start Aug 23 (by 2 count)		Prices on August 19, Next trading Sat 9	
Bishopsgate Progressive Mgmt. Co.	163.3	70.9	-0.1 79
bs St James's Square, SW1A 1NE 01-493 8111.	163.3	70.9	-0.1 79
B'water Prog Reg A9	174.8	59.0	-0.1 79
B'water Prog Reg B9	174.8	59.0	-0.1 79
B'water Prog Reg C9	174.8	59.0	-0.1 79
B'water Prog Reg D9	174.8	59.0	-0.1 79
B'water Prog Reg E9	174.8	59.0	-0.1 79
B'water Prog Reg F9	174.8	59.0	-0.1 79
B'water Prog Reg G9	174.8	59.0	-0.1 79
B'water Prog Reg H9	174.8	59.0	-0.1 79
B'water Prog Reg I9	174.8	59.0	-0.1 79
B'water Prog Reg J9	174.8	59.0	-0.1 79
B'water Prog Reg K9	174.8	59.0	-0.1 79
B'water Prog Reg L9	174.8	59.0	-0.1 79
B'water Prog Reg M9	174.8	59.0	-0.1 79
B'water Prog Reg N9	174.8	59.0	-0.1 79
B'water Prog Reg O9	174.8	59.0	-0.1 79
B'water Prog Reg P9	174.8	59.0	-0.1 79
B'water Prog Reg Q9	174.8	59.0	-0.1 79
B'water Prog Reg R9	174.8	59.0	-0.1 79
B'water Prog Reg S9	174.8	59.0	-0.1 79
B'water Prog Reg T9	174.8	59.0	-0.1 79
B'water Prog Reg U9	174.8	59.0	-0.1 79
B'water Prog Reg V9	174.8	59.0	-0.1 79
B'water Prog Reg W9	174.8	59.0	-0.1 79
B'water Prog Reg X9	174.8	59.0	-0.1 79
B'water Prog Reg Y9	174.8	59.0	-0.1 79
B'water Prog Reg Z9	174.8	59.0	-0.1 79
B'water Prog Reg AA9	174.8	59.0	-0.1 79
B'water Prog Reg AB9	174.8	59.0	-0.1 79
B'water Prog Reg AC9	174.8	59.0	-0.1 79
B'water Prog Reg AD9	174.8	59.0	-0.1 79
B'water Prog Reg AE9	174.8	59.0	-0.1 79
B'water Prog Reg AF9	174.8	59.0	-0.1 79
B'water Prog Reg AG9	174.8	59.0	-0.1 79
B'water Prog Reg AH9	174.8	59.0	-0.1 79
B'water Prog Reg AI9	174.8	59.0	-0.1 79
B'water Prog Reg AJ9	174.8	59.0	-0.1 79
B'water Prog Reg AK9	174.8	59.0	-0.1 79
B'water Prog Reg AL9	174.8	59.0	-0.1 79
B'water Prog Reg AM9	174.8	59.0	-0.1 79
B'water Prog Reg AN9	174.8	59.0	-0.1 79
B'water Prog Reg AO9	174.8	59.0	-0.1 79
B'water Prog Reg AP9	174.8	59.0	-0.1 79
B'water Prog Reg AQ9	174.8	59.0	-0.1 79
B'water Prog Reg AR9	174.8	59.0	-0.1 79
B'water Prog Reg AS9	174.8	59.0	-0.1 79
B'water Prog Reg AT9	174.8	59.0	-0.1 79
B'water Prog Reg AU9	174.8	59.0	-0.1 79
B'water Prog Reg AV9	174.8	59.0	-0.1 79
B'water Prog Reg AW9	174.8	59.0	-0.1 79
B'water Prog Reg AX9	174.8	59.0	-0.1 79
B'water Prog Reg AY9	174.8	59.0	-0.1 79
B'water Prog Reg AZ9	174.8	59.0	-0.1 79
B'water Prog Reg BAA9	174.8	59.0	-0.1 79
B'water Prog Reg BAB9	174.8	59.0	-0.1 79
B'water Prog Reg BAC9	174.8	59.0	-0.1 79
B'water Prog Reg BAD9	174.8	59.0	-0.1 79
B'water Prog Reg BAE9	174.8	59.0	-0.1 79
B'water Prog Reg BAF9	174.8	59.0	-0.1 79
B'water Prog Reg BAG9	174.8	59.0	-0.1 79
B'water Prog Reg BAH9	174.8	59.0	-0.1 79
B'water Prog Reg BAI9	174.8	59.0	-0.1 79
B'water Prog Reg BAJ9	174.8	59.0	-0.1 79
B'water Prog Reg BAK9	174.8	59.0	-0.1 79
B'water Prog Reg BAL9	174.8	59.0	-0.1 79
B'water Prog Reg BAM9	174.8	59.0	-0.1 79
B'water Prog Reg BAN9	174.8	59.0	-0.1 79
B'water Prog Reg BAO9	174.8	59.0	-0.1 79
B'water Prog Reg BAP9	174.8	59.0	-0.1 79
B'water Prog Reg BAQ9	174.8	59.0	-0.1 79
B'water Prog Reg BAR9	174.8	59.0	-0.1 79
B'water Prog Reg BAS9	174.8	59.0	-0.1 79
B'water Prog Reg BAT9	174.8	59.0	-0.1 79
B'water Prog Reg BAU9	174.8	59.0	-0.1 79
B'water Prog Reg BAV9	174.8	59.0	-0.1 79
B'water Prog Reg BAW9	174.8	59.0	-0.1 79
B'water Prog Reg BAX9	174.8	59.0	-0.1 79
B'water Prog Reg BAY9	174.8	59.0	-0.1 79
B'water Prog Reg BAZ9	174.8	59.0	-0.1 79
B'water Prog Reg BBA9	174.8	59.0	-0.1 79
B'water Prog Reg BBB9	174.8	59.0	-0.1 79
B'water Prog Reg BBC9	174.8	59.0	-0.1 79
B'water Prog Reg BBD9	174.8	59.0	-0.1 79
B'water Prog Reg BBE9	174.8	59.0	-0.1 79
B'water Prog Reg BBF9	174.8	59.0	-0.1 79
B'water Prog Reg BBG9	174.8	59.0	-0.1 79
B'water Prog Reg BBH9	174.8	59.0	-0.1 79
B'water Prog Reg BBI9	174.8	59.0	-0.1 79
B'water Prog Reg BBJ9	174.8	59.0	-0.1 79
B'water Prog Reg BBK9	174.8	59.0	-0.1 79
B'water Prog Reg BBL9	174.8	59.0	-0.1 79
B'water Prog Reg BBM9	174.8	59.0	-0.1 79
B'water Prog Reg BBN9	174.8	59.0	-0.1 79
B'water Prog Reg BBO9	174.8	59.0	-0.1 79
B'water Prog Reg BBP9	174.8	59.0	-0.1 79
B'water Prog Reg BBQ9	174.8	59.0	-0.1 79
B'water Prog Reg BBR9	174.8	59.0	-0.1 79
B'water Prog Reg BBS9	174.8	59.0	-0.1 79
B'water Prog Reg BBT9	174.8	59.0	-0.1 79
B'water Prog Reg BBU9	174.8	59.0	-0.1 79
B'water Prog Reg BBV9	174.8	59.0	-0.1 79
B'water Prog Reg BBW9	174.8	59.0	-0.1 79
B'water Prog Reg BBX9	174.8	59.0	-0.1 79
B'water Prog Reg BBY9	174.8	59.0	-0.1 79
B'water Prog Reg BBZ9	174.8	59.0	-0.1 79
B'water Prog Reg BBB9	174.8	59.0	-0.1 79
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1. *Journal of the American Medical Association*, 2000; 284: 1360-1366.

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**No FT...
no comment**

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Britannia Gp. of Unit Trusts Ltd. (a'clig)
Salisbury House, 31, Gurney Circus, London EC2

Bridge Fund Managers (a)(3)		03-623 4953		Green Growth Trust (a)(3)		13-146 1		5 77	
Amr. Wtr. King Western St	64.7		3.00	Darlington Unit Trust Mgmt. Ltd.					
Amr. Gen'l Inv	60.3		3.00	Darlington, Tames, Devon (OP) Ltd.	0803	36227.1			
Income	75.7		3.07	Total Port. Unit Tr	13.4	37.3			3.39
Capital Inc.	69.8		3.07						
Do Acc 1	201.3		3.08	Discretionary Unit Management					
Int'l Recovery Inc	17.8		3.10	36/78 New Bond St, EC2M 1NU	01-36 4485				
Do Acc 1	98.9		3.10	Bus. Inc Aug 12	130.2	350.0			1.423
Dealing % Turn 2Wd	71.9%	Prcty	Aspct 16-17/78						

Save & Prosper—continued

[illegible][illegible]

Standard Life Trust Mount Ltd

10/11/1970

INSURANCE & OVERSEAS MANAGED FUNDS

[illegible]

Copper facing further pressure

BY JOHN EDWARDS, COMMODITIES EDITOR

ANOTHER rise in stocks and the weaker dollar, put copper prices under renewed pressure in early trading on the London Metal Exchange yesterday. But the higher grade three months quotation, after touching a low of \$1.084 in the morning, rallied to close in the afternoon at \$1.090.25 a tonne, only 22 down on Friday's close.

A firmer trend in New York during early trading, and the advance in gold and silver, helped the rally in copper, but the market remains depressed, with prices in the unusual situation of being cheaper than aluminium.

Copper stocks held in the LME warehouses rose again last week by 15,350 tonnes raising total holdings to 314,950 tonnes—only some 30,000 below the peak level reached in mid-June.

At the same time, U.S. copper producers have been forced to cut back domestic prices to 77 cents a lb. In contrast, further rises in U.S. aluminium prices are being forecast, as the market for aluminium fell last week by 7.25 to 264.00 tonnes.

However, latest figures from the International Primary Aluminium Institute in London show that non-Communist world production in July rose to 916,000 tonnes, compared with 869,000 tonnes in June (a 30-

day month) and 877,000 tonnes in July last year.

Most other zinc producers, including the UK smelter, A.M. & S. (Europe) yesterday moved their official European quotation up from \$890 to \$850 a tonne, following the lead set by Preussag of West Germany last week.

The small size of the increase reflects a cautious attitude to the recent surge in the London zinc market, which is at the highest level for nearly two years.

The three-months quotation gained 26 yesterday to \$59.75 a tonne, but traders claim there is now a large speculative element in the market and profit-taking could bring a setback.

Nevertheless, demand remains firm, especially in the U.S. where the rise in car production is boosting the die-casting sector.

European smelters indeed are hoping that another rise in U.S. prices will bring a further increase in demand before the end of the year.

Zinc stocks held in warehouses gained 75 to 103,200 tonnes and nickel holdings also rose by 442 to a record 23,028 tonnes. Lead stocks fell by 150 to 204,725, by \$15 to 43,900 tonnes and LME silver holdings by 570,000 to 35,560,000 ounces.

Firm close for soyameal

BY OUR COMMODITIES STAFF

THE LONDON soyameal sterling contract closed firm yesterday, with the December position rising the permissible 25 limit in the morning. After trading resumed prices advanced again and the closing price was \$202.05 a tonne, up \$11.75 from the previous close of \$190.30. The day's high was

\$202.50. Brokers said general trade and speculative demand pushed prices higher, based on opening limit gains in Chicago which reflected lack of significant rain in the U.S. over the weekend. Firmer prices in Rotterdam also supported the market.

Sri Lankan troubles push up tea values

By P. C. Mahandhi in Calcutta

INDIAN tea prices have risen to an unprecedented 27 rupees per kilogram, easily surpassing the 16-rupee high of the 1975-77 boom years.

Poor crops in the past two years have increased domestic demand, while world output has declined, largely because of the recent violence in Sri Lanka. Prices have risen accordingly.

Indian tea output to the end of June totalled 17.22m kg compared with 17.32m kg in the same period in 1982. The July crop figure is likely to show some improvement in supply but prices are likely to be influenced by a world crop of about the same size or even smaller than last year's 1020.5m kg.

At the end of May, the world tea crop was only 1.3m kg ahead of the 265m kg output at the same time last year but Sri Lanka was well behind at 1.52m kg.

Kenya and Indonesia output has risen but not to an extent that could outweigh the Sri Lankan losses. If the Indian crop maintains the 560m kg average of the last three years a global deficit is likely.

China, the world's second largest producer, is facing increasing domestic demand and is not expected to try and fill the Sri Lankan gap.

However, the real threat to India's export prospects could come from its own rising domestic consumption which absorbed 365m kg of last year's total output of 566m kg.

If the current trend of a steady increase in price continues at auction and retail levels, the Government may feel forced to restrict imports as a way of calming down the home market.

Crop prospects are not too unfavourable at the moment and the behaviour of the monsoon has been quite normal.

Car industry upturn boosts rubber prices

Richard Mooney looks at the chances of sustaining the recent recovery

NATURAL RUBBER prices have risen by about 60 per cent so far this year and this month reached the highest levels since February 1980.

With holiday cutbacks keeping industrialised world demand to a minimum this must be considered a pretty impressive performance. It should be remembered, however, that the price remains more than 10p a kilo below its all-time peak.

The prospect of stockpile selling by the International Rubber Organisation (Inro), the inter-governmental body whose job it is to stabilise the world rubber market, has put the brake on the market in recent weeks but some analysts believe the price is already too high.

The chief influence behind this year's rubber price rise has been the easing in the recession, particularly as it affects the motor industry.

Other factors have been producer cuts, weather-induced West African crop setbacks, consistent Chinese buying and U.S. plans to build up strategic stockpiling.

Car tyre production alone accounts for about 70 per cent of world natural rubber usage and the automobile industry as a whole uses about 80 per cent. It is understandable, therefore, that news of a 21 per cent increase in U.S. car output in the first half of this year was greeted with sighs of relief in rubber producing countries.

But it is important to see this figure in perspective. Last year U.S. car production was at its lowest level for 15 years and the first half rise, if sustained, would mean the total for the year would be 10 per cent below pre-recession levels.

Moreover, doubts are being voiced in some quarters about the genuineness and sustainability of the recovery.

The motor industry has been forced to cut its margins to the bone in offering "once-in-a-lifetime" special deals to prospective buyers to achieve the upturn. But these offers

cannot go on for long and there are fears that the recovery could slow significantly in the medium term.

Optimists see another cause for hopes of a further price recovery in the continuing low level of consumer stocks. But once again the pessimists are quick to pour on cold water. They say modern container ships have reduced delivery times to less than half the former levels, reducing the need for large consumer inventories.

Stocks need never be built up to the sizes once thought normal, they argue.

For the moment, the price issue is being clouded by the restraining effect of the Inro buffer stock of over 300,000 tonnes which it built up last year and in the early months of this year when prices were low.

Indonesia queries motives behind rubber/tin proposal

JAKARTA—Indonesia would agree to a Malaysian proposal that the U.S. Government buy increasing stocks of rubber to offset order sales from the U.S. tin stockpile only if the U.S. buying of tin reflected the existing pattern of rubber buying by U.S. industry.

Indonesian officials said the Malaysian proposal is an attempt to grab a larger share of the U.S. rubber import market.

Malaysia exports some 20 per cent of U.S. rubber needs and the U.S. would start buying Malaysian rubber for the U.S. stockpile as early as next month but gave no further details.

They said, however, that the U.S. Government had agreed to hold tin stockpile disposals up to 3,000 tonnes per year under current glut conditions, or 5,000 tonnes per year under normal market conditions.

First quarter Indonesian rubber exports totalled 276,000 tonnes and Indonesia is optimistic about reaching a target of 850,000 tonnes in total exports for 1983.

The Indonesian officials said that Malaysia's proposal was an attempt to grab a larger share of the U.S. rubber import market, but that there would be a natural rubber shortfall in

Brisbane wool staff return to work

THE STRIKE which has disrupted wool handling at the Queensland Wool Centre in Brisbane has ended.

The agreement by storemen and packers to resume work means that next week's Brisbane wool sale will go ahead normally. However, the 66 wool handlers will be on overtime pending further negotiations on job reallocation.

The Australian Council of Wool Buyers is expecting solid demand when Australian Wool sales resume today. It says market strength is likely to depend on Japan. Trade reports suggest a build-up of orders since the last sales in July (Reuter).

● HERRING fishing in the North Irish Sea stopped at midnight because the 2,400 ton quota was exhausted.

● HUDSON'S BAY London will auction Swakara and Afghan Karakul pelts on September 12. Mixed furs, including opossum, will be auctioned on September 13. Fox furs will be sold on September 14 and the mink sale is on September 15.

● AUSTRIA will begin producing lead-free petrol in 1986 but no date has been set for its compulsory use in new cars.

● INDIA IS considering raising domestic sugar buffer stocks, now at 500,000 tonnes.

● GOVERNORS and congress members from 28 states will meet U.S. Agriculture Secretary John Danforth to discuss drought problems.

● THE FAO is to seek official approval from Bhutan, India, Pakistan, Sri Lanka, Bangladesh and Nepal for plans to create collective food security reserves.

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 23 1983	Aug. 22 1983	Month ago
Metals			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

BRITISH COMMODITY MARKETS

BASE METALS	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

AMERICAN MARKETS

POTATOES	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

LONDON OIL SPOT PRICES

CRUDE OIL	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

GOLD MARKETS

CRUDE OIL	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

EUROPEAN MARKETS

CRUDE OIL	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

BASE METALS

CRUDE OIL	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

SILVER

CRUDE OIL	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

POTATOES

CRUDE OIL	Aug. 23 1983	Aug. 22 1983	Month ago
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	
Other			
Aluminium	£1050	£950	
Copper	£1090.25	£1088	
Gold	£1090.25	£1088	
Lead	£1090.25	£1088	
Nickel	£1090.25	£1088	
Platinum	£1090.25	£1088	
Silver	£1090.25	£1088	
Tin	£1090.25	£1088	
Zinc	£1090.25	£1088	

NEW YORK

CRUDE OIL	Aug. 23 1983	Aug. 22 1983
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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls on M1 announcement

FINANCIAL FUTURES

Prices firm

The dollar renewed its downward trend on the foreign exchange market yesterday, following Friday's announcement of a \$300m fall in weekly U.S. M1 money supply. Towards the end of last week the dollar firmed slightly on fears that money supply might show an upward turn, and hopes a further M1 fall this Friday, the dollar has resumed its lower path. Market sentiment was encouraged by hopes that this week's meeting of the Federal Open Market Committee will lead to a stabilization of U.S. interest rates, after the recent August 10th rise.

DOLLAR Trade-weighted index (Bank of England) 127.5 against 127.50 on Friday. The latest figures on money supply have given rise to cautious optimism, and a halt to the dollar's advance. It had previously climbed to new records on fears of higher interest rates as a result of the U.S. Budget deficit and money supply growth.

The dollar fell to DM 2.6325 from DM 2.6370 against the DM, to SF 2.1510 from SF 2.1560 against the Swiss franc, to ¥242.90 from ¥245.80 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.6450. July average 1.6375. Trade-weighted index 85.5 against 85.5 at noon, 85.7 at the opening, 85.7 at the previous close, and 85.7 at the previous close. The pound has been fairly steady and firm of late, despite the volatility of the dollar. In the absence of the Bank of England intervention intended to stop the dollar's rise, despite the temporary softening of sterling, which has generally held up well against the U.S. currency and the yen.

STERLING rose 10 cents to close at \$1.6375. It opened at \$1.6350-1.6360, and traded within a range of \$1.6350 to \$1.6380. The pound was unchanged at SF 2.1510, and improved to ¥242.90, and improved to ¥242.90.

EMS EUROPEAN CURRENCY UNIT RATES

Country	Unit	Rate	% change
Belgium	Franc	36.36	+0.05
France	Franc	6.55	+0.05
Germany	Mark	1.93	+0.05
Italy	Lira	1,936	+0.05
Netherlands	Guilder	2.36	+0.05
Spain	Peseta	166.64	+0.05
UK	Pound	1.6375	+0.05

JAPANESE YEN — Trading range against the dollar in 1983 is 240.00 to 245.80. July average 242.90. Trade-weighted index 146.5 against 146.5 at noon, 146.5 at the opening, 146.5 at the previous close, and 146.5 at the previous close. The yen has been fairly steady and firm of late, despite the volatility of the dollar. In the absence of the Bank of Japan intervention intended to stop the dollar's rise, despite the temporary softening of sterling, which has generally held up well against the U.S. currency and the yen.

The yen gained ground against the dollar, with the U.S. currency falling to ¥242.90 from ¥245.80. The yen rose 10 cents to close at ¥242.90. It opened at ¥242.90, and traded within a range of ¥242.90 to ¥245.80. The yen was unchanged at DM 2.6325, and improved to SF 2.1510.

CURRENCY MOVEMENTS

Country	Unit	Rate	% change
Belgium	Franc	36.36	+0.05
France	Franc	6.55	+0.05
Germany	Mark	1.93	+0.05
Italy	Lira	1,936	+0.05
Netherlands	Guilder	2.36	+0.05
Spain	Peseta	166.64	+0.05
UK	Pound	1.6375	+0.05

THE DOLLAR SPOT AND FORWARD

Term	Rate
Spot	1.6375
1 month	1.6375
3 months	1.6375
6 months	1.6375
12 months	1.6375

THE DOLLAR SPOT AND FORWARD

Term	Rate
Spot	1.6375
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3 months	1.6375
6 months	1.6375
12 months	1.6375

EXCHANGE CROSS RATES

Country	Unit	Rate
Belgium	Franc	36.36
France	Franc	6.55
Germany	Mark	1.93
Italy	Lira	1,936
Netherlands	Guilder	2.36
Spain	Peseta	166.64
UK	Pound	1.6375

FINANCIAL FUTURES

Contract	Price
Oil	28.50
Gold	375.00
Silver	15.00
Copper	1.50
Aluminum	0.50
Zinc	0.50
Nickel	0.50
Lead	0.50
Tin	0.50
Platinum	0.50
Palladium	0.50
Rhodium	0.50
Iridium	0.50
Osmium	0.50
Ruthenium	0.50
Selenium	0.50
Tellurium	0.50
Antimony	0.50
Vanadium	0.50
Chromium	0.50
Manganese	0.50
Iron	0.50
Steel	0.50
Coal	0.50
Natural Gas	0.50
Heating Oil	0.50
Gasoline	0.50
Crude Oil	0.50
Jet Fuel	0.50
Aviation Fuel	0.50
Marine Fuel	0.50
Industrial Fuel	0.50
Power Generation	0.50
Electricity	0.50
Water	0.50
Sewage	0.50
Waste	0.50
Recycling	0.50
Composting	0.50
Landfill	0.50
Incineration	0.50
Pyrolysis	0.50
Gasification	0.50
Liquefaction	0.50
Hydrogenation	0.50
Oxidation	0.50
Reduction	0.50
Neutralization	0.50
Acidification	0.50
Alkalization	0.50
Salinization	0.50
Desalination	0.50
Crystallization	0.50
Filtration	0.50
Distillation	0.50
Extraction	0.50
Adsorption	0.50
Absorption	0.50
Desorption	0.50
Permeation	0.50
Dialysis	0.50
Membrane Separation	0.50
Ion Exchange	0.50
Reverse Osmosis	0.50
Ultrafiltration	0.50
Microfiltration	0.50
Nanofiltration	0.50
Electrodialysis	0.50
Electrolysis	0.50
Electrodeposition	0.50
Electrorefining	0.50
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